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POLITICAL SCIENCE QUARTERLY

THE PRELIMINARIES TO THE LABOR WAR IN COLORADO

THOSE who have occasion to examine the labor press of the United States are aware that the recent industrial difficulties in the mining regions of the Far West are regarded as the most important in the history of economic conflicts in America. Though most of these papers are obscure and their opinions lightly esteemed by the great dailies and magazines of the country, their combined circulation mounts into the millions, and they reach the most active and highly organized workingmen in the nation. Their general unanimity in unsparing criticism of the capitalists and government officials involved in the conflict over labor legislation and bargaining disputes in Colorado and Idaho must be recognized, therefore, as a matter of high social significance, whatever may be one's opinion as to the merits of the case. How serious this conflict

Bibliographical Note: *The Miner's Magazine* (official organ of the Western Federation of Miners); B. M. Rastall, The Cripple Creek Strike of 1893; Turner, "The Significance of the Frontier in American History," Report of the American Historical Association, 1893, pp. 199–227; "Contributions of the West to American Democracy," in the *Atlantic Monthly*, January, 1903; Biennial Reports of the Colorado Bureau of Labor Statistics; Report on the Labor Unions of the Cœur d'Alene Country, (Wardner, Idaho, 1899), Senate Document, number 142, 56th Congress, 1st Session; Senate Document, number 122, 58th Congress, 3rd Session; Senate Documents numbers 25 and 42, 56th Congress, 1st Session; Warne, "The Miners Union," in *Annals of the American Academy of Political Science*, vol. xxv, pp. 67–86; Constitution and By-Laws of the Western Federation of Miners, 1906; Proceedings of the Annual Conventions of the Western Federation of Miners; Reports of the Industrial Commission, vol. xii; House Report, number 1999, 56th Congress, 1st Session; Senate Document, number 209, 57th Congress, 2d Session; Mills, "Economic Struggle in Colorado," in *Arena*, October, 1906; Friedman, The Pinkerton Labor Spy.

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really is, what influence it will have on the political movements of the future, how deep and permanent the class feeling aroused actually is, it is of course impossible to tell; but the fact remains that the student of social politics cannot afford to neglect the situation or to accept the *ex parte* statements of men even in high places as conclusive.

Of course it would be unscientific to assume that a correct and final judgment may now be rendered on each of the innumerable controversial questions which have arisen in course of the conflict. Doubtless no such desirable judgment can ever be reached, owing to the character of western life and the possibilities and probabilities of innumerable secret operations in the organizations of miners, employers and citizens. Nevertheless a calm consideration of even some of the indisputable facts that are available on the earlier aspects of the struggle will help to saner opinions than those usually expressed in the passing newspaper notices or in pamphlets.

At the very beginning it must be admitted that the situation in the mining industries of the Rocky Mountains presents many puzzling features, due in a large measure to the conflicting nature of the available sources of information, the conscious or unconscious misrepresentation which everywhere abounds and the passion with which statements are made by partisans on both sides. The struggle has been so long and so bitter and has been so persistently drawn into politics that almost everybody has come to a final conviction on one side or the other. When this happy but perhaps unfortunate state of mind is reached even by men of the highest integrity, it is evident that their utterances, though clothed in the form of an official proclamation, judicial decision or "frank statement" of facts, bear the impress of the conflict.

In fact practically everyone in the regions involved is ranged on one side or the other. On one hand we see united the mine owners and others whose economic interests coincide or are thought to coincide with those of large properties and business in general; a considerable part of the bench and bar; most of the higher state officials and members of the legislatures; ministers of religion, to a great extent, and practically all of the

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important newspapers not connected with the labor movement. As the labor leaders are fond of putting it, "the entire capitalist class with its dependents are against us." This is undoubtedly a formidable combination of the most influential and conservative elements of the population; it has been able to call to its support the state and federal military forces for the protection of property and the maintenance of order; and it has its interpretation of facts—already grown traditional and repeated daily without new investigations—which, if accepted at its own valuation, would furnish just reason for condemning altogether the miners' organization and its methods.

On the other hand may be seen labor, standing practically as a unit where organized and supported to a certain extent by workingmen outside of the unions; some small business men dependent on the miners' trade, and scattered reinforcements from other parts of the population. This group also has its interpretation of the events in the conflict, which likewise passes as current coin. So far as the political parties are concerned, the Republicans have staunchly supported the capitalist group, while the Democrats, Populists and Socialists have stood for the real or alleged interests of labor and unionism—at least during election periods.

Each side has taken a decided position and has an ever-growing literature of its own purporting to tell the truth. The popular view held by the first group was summed up by the late Governor Steunenberg of Idaho, in his reference to the locals of the Western Federation of Miners in the Coeur d'Alene district: "These organizations were originally undoubtedly legal and proper and were organized for a commendable purpose; but they have been taken possession of by men who utterly ignore all law, who are anarchists in belief and practice, and by them transformed into criminal organizations."[1] A similar view was expressed by Governor James H. Peabody concerning the Federation: "It is in fact a matter of common knowledge in Colorado that for ten years this Federation has stopped at nothing to accomplish its purpose—threats, intimi-

[1] Senate Document no. 142, p. 68, 56th Congress, 1st session.

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dation, assaults, dynamite outrages, murders have characterized its policy. The catalogue of its crimes affrights humanity."[1]

Whatever weight may be given to these high official utterances, it is an undoubted fact that there is a very considerable and respectable element in the population of the country as a whole, and especially in the western states, which maintains very different views. The commissioner of labor in Colorado, for example, says in an official report: "The Western Federation of Miners has been especially fortunate in the selection of its officials. They are men who, with self-sacrificing devotion to the cause to which the order was dedicated, have worked unceasingly to make it strong and powerful."[2] He also gives special praise to Messrs. Boyce, Haywood, and Moyer. The Commissioner of Agriculture, Labor and Industry of Montana, in response to inquiries addressed to him, writes of the Federation that "it is a strong organization in Montana and one of the best conducted of all labor organizations. A good deal of unjust criticism has come to the order on account of the Colorado troubles and the final arrest of the officers who are now in Idaho awaiting trial."[3] Similar evidence from men of unquestioned integrity might be procured in almost any amount. Such statements on both sides are not given here as evidence, however, but merely to indicate the highly controversial character of the problems at issue.

Before attempting to present some of the concrete events which have been the source of all this controversy, it will be necessary to call attention to certain fundamental facts in the situation that must affect any sane opinion. Men do not act very much on abstract principles, but rather under the pressure of concrete environment bearing upon them at the myriad points of life's contact with reality. Therefore the labor troubles in the West can be truly understood only in the light of the western social conditions.

The first fundamental fact is that these industrial conflicts

[1] Senate Document no. 122, p. 298, 58th Congress, 3rd session.

[2] Eighth Biennial Report of the Colorado Bureau of Labor Statistics, p. 345.

[3] Letter to the writer from J. A. Ferguson, Commissioner.

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have been waged on the recent frontier of America, the true significance of which has received a scientific appreciation only from the hands of Professor Frederick J. Turner. In one of the most important brief contributions to American history, he said of the frontier:

> So long as free land exists, the opportunity for a competency exists and economic power secures political power. But the democracy born of free land, strong in selfishness and individualism, intolerant of administrative experience and education, and pressing individual liberty beyond its proper bounds, has its dangers as well as its benefits. . . . Now, four centuries after the discovery of America . . . the frontier has gone and with its going closed the first period of American history.[1]

The men and the descendants of men who but recently were on the far-flung frontier line are suddenly confronted by the most complex problems of modern industrialism. Whoever is unable or unwilling to see the implications of this fact cannot hope to get at the intimate character of the recent difficulties.

In the second place, the Western Federation of Miners, which has been the leading labor organization in the new industrial conflict for more than a decade, has not only concerned itself with mining difficulties but has championed the cause of workingmen generally, thus making itself far more obnoxious to employers at large than any union which confines its activity to disputes in its own trade. The editor of the *Miners' Magazine* says:

> In all the mining camps of the West, wherever any craft or trade has been involved in a difficulty with employer or employers, the Western Federation of Miners, being the dominant organization, has always extended a helping hand to other crafts or trades to win their battles. The fact that the Western Federation of Miners has taken a hand in the battles of other crafts and trades for better conditions is the most potent reason why the Western Federation is so generally hated throughout the West by the employers' associations.[2]

[1] "The Significance of the Frontier in American History," in the Report of the American Historical Association, 1893, pp. 199–227.

[2] John M. O'Neill, in a letter to the writer.

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Whether this is good trade-union policy or reprehensible from any standpoint need not concern us here; but to aid one another is undoubtedly a privilege which workingmen legally enjoy, and it is a fact of the utmost significance in considering the causes of the intense opposition which the Western Federation of Miners meets everywhere outside of labor circles.

In the third place, the Federation, since its organization at a convention held in Butte, Montana, in May, 1893, has grown so powerful that many employers, and especially corporations with heavily watered stock on which to pay dividends, have felt compelled to devote special attention to checking its operations.[1] Within ten years of its foundation the number of unions in the Federation had grown from fifteen to about two hundred, and the membership in good standing from two thousand to more than forty thousand; and, during the last three years, its increase in strength has been considerable.[2] Its headquarters have been in Denver since 1901, and its membership extends over Arizona, British Columbia, California, Colorado, Idaho, Kansas, Michigan, Minnesota, Montana, Nevada, Oregon, South Dakota, Utah and Washington. Its numbers in its ranks principally metalliferous miners, but includes some coal-miners, smeltermen and engineers. Owing therefore to the extent of the Federation's field of operations and its rapidly growing strength, the mine owners opposed this new organization from the beginning.

As the questions of regulating hours of work in mines, of ventilating shafts, check-weighing and the like have come up for

[1] Labor Disturbances in Colorado, Senate Document, no. 122, 58th Congress, 3rd session, p. 35, *et seq.* John M. O'Neill, editor of the *Miners' Magazine*, writes: "There are now 250 local unions of miners, millmen, and smeltermen belonging to the Western Federation of Miners. The membership in good standing is about 40,000. There are always about fifty per cent of the membership in arrears, or, in other words, sixty days behind in the payment of dues, which leaves them in bad standing. That this 50 per cent are in bad standing is due to the fact that so many lay-offs occur at mines, mills, and smelters throughout the West, and to the fact that the unmarried men among the miners travel a great deal from one camp to another."

[2] Ninth Biennial Report of the Colorado Bureau of Labor Statistics. The Tenth Biennial Report for 1905–1906 has not yet appeared (May, 1907), the delay being caused, as I am informed, by the opposition of certain corporations which do not wish a report from the present commissioner.

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practical legislation, the miners naturally enough have voted for candidates offering the most liberal promises on behalf of labor. Though the political allegiance of the miners as individuals has varied, the majority have in recent years voted for Democratic candidates for office and especially for the men who were thought to be friendly to labor interests. Until the recent disturbances, the Socialist party has never polled a very large vote in Idaho or Colorado, although it has had a ticket in the field, in Colorado, since 1894. Even in the Cripple Creek district, in the year before the beginning of the great strikes (1902), only sixty-seven votes were cast for the Socialist candidates, although nearly three thousand members of the Federation were employed there.

Nevertheless, the leading officials and workers in the Federation have been Socialists; they have advocated socialist propaganda, especially among the miners; and they have labored to commit the Federation to socialist doctrines, notwithstanding the fact that there is nothing in the constitution of the organization essentially socialistic. In his presidential address delivered at the Denver convention, Mr. Edward Boyce said:

> There are two classes of people in the world: one is composed of the men and women who produce all; the other is composed of men and women who produce nothing but live in luxury upon the wealth produced by others. Realizing this to be a fact, the time has arrived when this organization should array itself upon the side of the producers and advise its members to take political action and work for the adoption of those principles that are destined to free the people from the grasp of the privileged classes. It was the cry of the politicians and ruling classes in all ages not to disturb them in the possession of their ill-gotten gain, and we hear that cry ringing more forcibly in our ears every day. . . . They advise the workingman not to take political action lest he might wake to his strength and power to improve his condition. It has always been the aim of the ruling classes to divide the laboring people into two hostile camps. . . . The most important action which you can take at this convention is to advise the members of your organization to adopt the principles of socialism without equivocation.[1]

[1] Official Proceedings of the Tenth Annual Convention, president's address; Eighth Biennial Report of the Colorado Bureau of Labor Statistics, pp. 343, 344.

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After long discussion and active opposition on the part of the minority, the tenth convention adopted the following resolution:

> We, the tenth annual convention of the Western Federation of Miners, do declare for a policy of independent political action, and do advise and recommend the adoption of the platform of the Socialist party of America by the locals of the Federation in conjunction with a vigorous policy of education along lines of political economy.[1]

Since 1904 the Socialist vote in Colorado has greatly increased, mainly on account of the labors of the Western Federation of Miners. In that state Debs received 4304 votes, or 1.76 per cent of the votes cast for presidential electors in 1904, while Haywood (the Socialist candidate for governor) received 16,938 votes in 1906, or 8.65 per cent of the total.

The socialistic tendency of the Federation is, therefore, a most important factor in strengthening the opposition received from the public at large. However sound the arguments which may be brought against socialism by intelligent men who have investigated its tenets scientifically, it remains a fact that most of the opposition to socialism is wholly uncritical and unintelligent. Socialism to the average American means anarchy, revolution, desecration of the home, and a hundred other phases of disorder and destruction. As a result, many persons, ignoring the fact that terrible riots have often accompanied labor conflicts even where socialists have had no part in them, attribute the recent disorders in the West to the socialistic element in the Federation. Nevertheless, it must be admitted by every impartial student that, however wise or unwise the action of the Federation in committing itself to socialism may be, there is nothing in the laws or spirit of American government that denies workingmen the right to take the socialist view of their interests.

It was under these circumstances that there began in Colorado a contest for an eight-hour mining law, in connection with which arose one of the most desperate labor struggles in American history. Eight hours' work in mines was long urged by the

[1] At each succeeding convention similar resolutions have been adopted, so that the policy is now strongly entrenched.

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Federation as the maximum day, and, in several contests, it was recognized by employers;[1] but in some mines and, more commonly, in smelters and ore-reduction works, the hours often ran as high as twelve per day. The Federation accordingly organized a movement for an eight-hour day, to apply not only to miners and reducers of precious metals but to coal miners and employees in blast furnaces. In this movement the Federation was supported by the United Mine Workers of America and by organized labor generally throughout the state.

As early as 1895 an eight-hour law was presented to the tenth General Assembly of Colorado; but, when the project was referred to the state supreme court, the legislature was informed that "an act such as is proposed would be manifestly in violation of the constitutional inhibition against class legislation."[2] The bill was thereupon dropped.

Three years later a combination of Democrats, Populists and Teller Silver-Republicans elected as governor Charles H. Thomas, who had pledged himself to an eight-hour bill. The twelfth General Assembly, on the initiative of a labor member in the lower house, took up the consideration of such a law; and, in March, the measure was passed, receiving the governor's signature on the sixth of that month and going into effect on June 15 (1899). The bill provided that the period of employment in all underground mines or workings and in smelters and all other institutions for the reduction or refining of ores or metals should be eight hours per day, except in cases of emergency where life or property are in imminent danger. With the exception of the specified penalties provided for violations, this bill was an exact copy of the Utah bill which had been sustained by the Utah and United States supreme courts.[3]

The Utah court had held that such a law did not cause discrimination in favor of a class, because it was not an instance of "discriminations which are open to objection," as would

[1] Rastall, The Cripple Creek Strike of 1893; J. W. Mills, "The Economic Struggle in Colorado," *Arena*, October, 1906.

[2] *In re* Eight-Hour Bill, 21 Colorado, 29.

[3] Seventh Biennial Report of the Colorado Bureau of Labor Statistics, pp. 126–129.

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be the case "where persons engaged in the same business are subject to different restrictions or are held entitled to different privileges under the same conditions." The court took the position that the conditions in these occupations, especially those of a sanitary nature, furnished ample justification for the act.[1] The federal court treated the Utah law as a valid exercise of the police powers of the state.[2]

It was therefore hoped, in Colorado, that the state court, on mature deliberation, would, in view of these two decisions, uphold the validity of the new law. Indeed the law does not seem to have met with very active opposition from the mine-owners after it had gone into operation, for a large number had complied with its provisions before its enactment. But the American Smelting and Refining Company, popularly known as the "American Smelter Trust," was directly affected on a large scale, and it determined to test the constitutionality in the supreme court of the state. The plaintiffs averred that the law in question was in violation of the bill of rights of the Colorado constitution, and, on July 17, 1899, Chief Justice Campbell announced that the court had "unanimously decided that the so-called eight-hour law was unconstitutional and void." The opinion, handed down in full at the September term, held that

> it is manifest that this extraordinary and extreme statute is not necessary and was not intended for the protection of the public. Its sole purpose was to regulate private interests and enforce private rights. In no sense can it be regarded as a police law, and consequently is not within the police power. In this statute we have another example of class legislation where the legislature has attempted to improperly interfere with the private rights of the citizens.[3]

According to the state commissioner of labor, this opinion was received by the wage workers and the industrial classes generally with many expressions of disapproval and denunciation, especially in the organ of the Western Federation of Miners, the *Miners' Magazine*. The commissioner thereupon

[1] Utah *v.* Holden, 14 Utah, 71.

[2] 169 U. S. Reports, 395–397.

[3] 26 Colorado, 417.

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approved a recommendation, already demanded by the Federation, that the legislature submit to the people a constitutional amendment legalizing the eight-hour law.[1] The Federation now became extremely active in its advocacy of the proposed constitutional amendment.

The question was thoroughly agitated; and, in the following year, the Republican, Democratic, Populist and Socialist parties agreed in demanding the proposed amendment, which should establish the eight-hour law beyond all question. The next General Assembly, which met in January, 1901, passed an act providing for a submission of the matter to the people at the approaching general election. The proposed amendment to article v of the state constitution read as follows:

> The General Assembly shall provide by law and prescribe suitable penalties for the violation thereof, for a period of employment not to exceed eight hours within any twenty-four hours (except in cases of emergency where life or property is in imminent danger) for persons employed in underground workings, blast furnaces, smelters, and any ore-reduction works or any other branch of industry or labor that the General Assembly may consider injurious or dangerous to health, life, or limb.[2]

The general election of November 4, 1902, resulted in a total vote of 186,820 for governor (Peabody being elected) and a total vote of 99,246 on the amendment, 72,980 voting for it. Several other amendments were submitted at the same time, but none received such strong approval from the voters.

To the next General Assembly, which met on January 7, 1903, was entrusted the task of complying with the mandate of the people as expressed in the constitutional amendment. Bills were at once introduced into both houses with this end in view, and the smelting interests in particular began an active lobby against the proposed act. After hearing statements from the mine owners and the miners' representatives, a bill was passed by the Senate and another by the House. On April 4, however, Mr. Nathan C. Miller, the attorney general, declared the Senate

[1] Seventh Biennial Report of the Colorado Bureau of Labor Statistics, pp. 153–427.

[2] Eighth Biennial Report of the Colorado Bureau of Labor Statistics, pp. 426, 427.

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bill unconstitutional, on the technical ground that the corporations could not be made criminally liable as provided in one section (sec. 2), and that the act was ineffectual on account of the omission of the agents and officers of corporations from the penalty clause. The House bill was apparently subject to the same objection. At all events the session ended on April 6 without passing any law on the eight-hour question.

It was freely and bitterly charged, especially by the friends of labor, that these defects had been incorporated in the bills at the instigation of the large corporate interests engaged in mining coal and in refining and reducing ores. Although there is no direct evidence of corruption, in the minds of many citizens, especially the miners, it became a conviction that there had been corruption; and this was one of the main factors in the bitter struggle which ensued. Thus was demonstrated the validity of the principle laid down by Professor Burgess that

> when in a democratic political society, the well-matured, long and deliberately formed will of an undoubted majority can be persistently and successfully thwarted by the will of the minority, in the amendment of the organic law, there is just as much danger to the state from revolution and violence as there is from the caprice of the majority, where the sovereignty of the bare majority is acknowledged.[1]

With the exception of the strike of the employees of the reduction mills at Colorado City, early in 1903, and the resultant quasi-sympathetic strike of the miners of the Cripple Creek district, the labor difficulties in Colorado, in 1903–1905, are directly traceable to the failure of the legislature to enact an eight-hour law in accordance with the constitutional amendment adopted in 1902, and to the unwillingness of the mine managers to yield to the letter and spirit of the same. And the troubles in the Cripple Creek district are indirectly attributable to that fact; for the miners were enraged everywhere over the action of the legislature.

On April 10, 1903, the local union of the Federation at Idaho Springs, thirty-seven miles west of Denver, sent the

[1] Political Science and Constitutional Law, I, 151.

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managers of the different mines a notice that "as the fourteenth General Assembly had failed to comply with the wishes of the people of the state of Colorado in regard to the enactment of an eight-hour law," all mines within the local union's jurisdiction would be required to conduct operations on an eight-hour basis.[1] This demand was refused at first but, after a strike, was conceded by three of the mine managers. The Sun and Moon mine, however, resumed operations with non-union men, and, on July 28, the transformer house was wrecked by two kegs of powder or dynamite rolled down the hillside. One of the dynamiters, an Italian workman belonging to the union, was mortally wounded but refused to reveal his accomplices. Twenty-three arrests of union officers and men were then made, and, at the indignation meeting, held July 29 by the Citizens' Protective League, it was declared that the "officers of the Western Federation of Murderers" were cognizant of the outrage.

As a result of the meeting fourteen of the arrested men were taken from the town jail and told by the spokesman of the mob, composed largely of business and professional men, not to let themselves be seen in the vicinity again. The League at once issued a statement that

> the action of the citizens of Idaho Springs last night speaks for itself. The members of the union were given to understand from the first that so long as they were agitators of socialistic principles we would hold them responsible should any damage be done to property in the district.[2]

The League then continued its work of deporting by force prominent union men. A committee of the latter, protesting their innocence of the outrage in question, petitioned Governor Peabody that they be allowed to return to their homes and be protected from "a lawless organization." They added, "if we are guilty of violating any law, we claim the right of being

[1] Ninth Biennial Report of the Colorado Bureau of Labor Statistics, pp. 73 *et seq.*; Labor Disturbances in Colorado, pp. 151–159.

[2] Labor Disturbances in Colorado, p. 155.

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heard before a legal tribunal." On August 3, the governor replied to the petition, declining to interfere inasmuch as the court had "full power to furnish redress." On August 10, as a result of an application by the attorney for the deported men, Judge F. W. Owers granted an injunction restraining members of the Citizens' League from disturbing the deported men, characterizing the League in its violent acts as a "mob guilty of sheer anarchy." Bench warrants were then issued against 129 citizens of Idaho Springs on the charge of rioting, making threats, and assault.

Fifty-one union men were tried in connection with the transformer house explosion, and all were either acquitted or the indictments quashed by the district attorney; but the strike for eight hours a day was successfully broken by the mine owners. The charges against the 129 citizens were never considered in court, on account of the great expense entailed and the difficulty of obtaining evidence.

The second important strike on behalf of the eight-hour principle was made at Denver by the smeltermen. On the adjournment of the legislature without action, the Federation demanded the eight-hour day from the smelting and reduction companies in whose mills the hours were longest and wages the lowest. With the exception of two independent concerns, all the smelters in Colorado were operated by the American Smelting and Refining Company. In all except two of the latter company's plants—one at Pueblo and another at Durango—the men worked ten or twelve hours a day at wages ranging from $1.75 a day, for laborers, to $4.00 for a twelve-hours' day, paid to furnace foremen.

On June 17, 1903, the local union of the Federation in Denver asked for an eight-hour day on the ground that the work was hazardous and unhealthful and that eight-hour days prevailed in the mines from which the ore came.[1] The demand was refused by Mr. Frank Guiterman, general manager of the American Smelting and Refining Company for Colorado, on the alleged ground that it would involve increased expenses

[1] *Miners' Magazine*, Aug. 4, 1904.

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which the company could not afford without crippling the smelting and mining interests of the state. A strike was forthwith declared, on July 3, and a crowd from the adjourned union meeting which voted the strike went to the company's two plants and compelled 275 men there to stop work. The fires were extinguished and the metal in several of the furnaces congealed, causing considerable loss to the company.

On the following day, Ex-Governor James B. Grant, a member of the executive committee of the company, was reported to have said: "We are in the fight and we will be there at the finish. What is the use of giving in? The Western Federation of Miners now want eight hours. If we grant them that, it will be only a question of time before they are striking for six." At the same time the union issued a statement, asserting that the company had watered its stock many times and that the employees were overworked to pay dividends.

> The manager is aware of the fact that men employed in and around the smelters are the poorest paid and most overworked of any department of labor in America. He knows that in a few years the physical organization of the smelter employee is wrecked, and that the victim who has succumbed to long hours and poisonous fumes becomes an object of charity whose health and strength have been coined into dividends for the trust. . . . The cost of living has increased 30 per cent, and no one will assume that the American Smelting and Refining Company has increased the wages of its employees in like proportion. . . . The perfecting of machinery and the displacement of labor which have been brought about through inventive genius have enabled the smelting trust to treat ores cheaper than ever before.

President Moyer asserted that he had advised against the strike but said, further, that "for this whole trouble the governor and the fourteenth general assembly have much to answer. If they had done their duty, there would be no strike now." On July 5, Manager Guiterman stated in reply that

> the issue before the people of Colorado is whether corporations, which are an integral part of the industrial community, whether in combination or not, which as taxpayers operate under legal authority, can con-

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duct their business under the protection of lawfully constituted authority, or whether they shall be subject to the domination and dictation of an irresponsible body which assumes to represent the laboring class;

and he concluded with the assertion that the company "had always had the interests of its employees at heart." Thereupon application was filed in court for a writ of injunction against the chief labor organizations of the state, more particularly against the smeltermen's union, forbidding any interference, such as picketting and publishing orders commanding those at work to cease. On July 7, Judge Dixon granted the writ, thus, as the miners contended, throwing the weight of the government, which had but recently refused to carry out the clear mandate of the people, on the side of the mine owners who had bribed the legislature.

The Federation of Miners, four days later, issued a manifesto challenging the statements of Manager Guiterman, which contained the following statement:

Was the American Smelting and Refining Company considering "the best interests of their employees" when a literary bureau was established by the trust which flooded the fourteenth General Assembly with bulletins, using every specious pretext to deaden "the consciences of the servants of the people?" Was the American Smelting and Refining Company showing fair play when it maintained a lobby in the last session of the legislature to nullify the voice of the people as expressed at the polls on the eight-hour amendment? The responsibility of this strike must rest upon the infamous combination that corrupted and debauched the representatives of the people, who refused at the bidding of the trust to place an eight-hour law upon the statute books of Colorado. The men in the mines, mills and smelters are now convinced of the fact that little can be expected of legislative bodies to ameliorate the condition of the miner while corporations with millions can purchase the honor of men elected to enact such laws.

On the same day, July 11, the Federation sent out an appeal to the labor world to contribute to its eight-hour fund; and, the next week, Messrs. Haywood and Moyer brought out a reply to the American Smelting and Refining Company's claim to protection as "taxpayers." They printed the statement by the

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state auditor to the effect that the American Smelting and Refining Company was a "foreign corporation capitalized at $100,000,000," and had not paid its annual state incorporation license tax for the years 1901, 1902 and 1903—that is, for three years prior to the strike. They accompanied this with another statement by the deputy secretary of state, certifying that no annual report from the said company was on file in the office of the secretary of state as required by law. Now, contended the miners, the American Smelting and Refining Company has not only secretly debauched the legislature, it has defied the well-recognized laws of the state. We have proceeded in a legal way to secure the eight-hour law; we have been deceived and beaten by the government we trusted; the company appeals to law, receives its protection, and yet defies it when private interests are at stake.

The smelter strike, however, was broken by the company although the Federation did not declare it off. Thus two contests for eight-hour schedules had been lost by the miners. Through their press and innumerable leaflets they were kept at fever heat; and, in the autumn of the year, they were not in any conciliatory mood when the troubles began at Telluride which culminated in mob violence, military despotism and anarchy.

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THE OIL TRUST AND THE GOVERNMENT

AMONG the recent economic and political developments in the United States, none has attracted more attention than the effort of the federal government to curb and to control monopolies in transportation and industry. In this work the Bureau of Corporations has been to some extent a pioneer, both for the Interstate Commerce Commission and for the Department of Justice. Next to the general problem of railroad regulation, the most important work of the government has been the investigation and prosecution of the so-called Oil Trust. In the course of this work, the Bureau of Corporations made discoveries and established facts concerning the relation of railway abuses to industrial monopolies which have had a decisive influence not only in furthering the legislation respecting railway regulation, but also in showing, in some directions, the particular methods of control which were necessary.

Although the trusts are not the effect of any one cause, it is undoubtedly true that railway favoritism has played a very important part in promoting their rapid development in the United States, while, on the other hand, certain of these great monopolies have exercised a sinister influence on the rate-making policies of the railways. It is natural, therefore, that in working in the coördinate field of industrial monopolies, the Bureau of Corporations has been able to afford important assistance to the Interstate Commerce Commission. The problem of regulating industrial monopolies, however, is even more difficult of solution than the problem of railway control, and the best policy to be pursued is not a matter upon which competent and disinterested persons are in general agreement. The work of the Bureau of Corporations in the investigation of the Oil Trust, however, is of great value in procuring the kind of information which is necessary for the determination of this question; and it has also provided, for the use of the Department of Justice, the material upon which actions have been begun for violations of the existing laws.

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Scope of the investigation

There was nothing invidious in the selection of the Oil Trust for governmental investigation from among the many monopolistic combinations in the United States, some of which have been quite as unscrupulous in their methods if not as obnoxious to the public welfare as this archetype of trusts. That this company was chosen as a scapegoat has been intimated by the Standard's defenders, but the selection of the Oil Trust for investigation was, in fact, merely the result of one of its characteristic maneuvres in Kansas. The crude-oil producers of Kansas, smarting under the sense of injury caused by a sudden and extraordinary reduction in the prices for crude oil offered by the Standard, which was practically the sole purchaser, brought their complaints to Congress at the end of the year 1904, and the House of Representatives, on February 15, 1905, passed a resolution requesting the secretary of commerce and labor to investigate the causes of the low price of crude oil in the Kansas field. The resolution also requested information about the oil trade as a whole and, particularly, with regard to the existence of unusually large margins between crude and refined oil, and whether there existed any conspiracy or combination in restraint of trade. In case such a combination were discovered, Congress requested information as to its organization, capitalization, profits and the management of its business. The secretary of commerce and labor was requested, finally, to report the findings for the information of Congress as a basis for legislation.

The investigation of several important combinations, including the Oil Trust, had already been begun by the commissioner of corporations, acting on his own initiative under the general power conferred upon him by law; but this resolution of Congress, as well as the special conditions which had arisen in the Kansas field, gave to this inquiry a special importance and urgency.

The attention of the Bureau of Corporations was naturally directed, in the first instance, to the situation in Kansas, and in the other new oil fields of Texas and California, from which

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also complaints were received; but a preliminary examination of the conditions showed, as was anticipated, that it was impossible to make an adequate report without considering the oil industry as a whole.

The investigations of the Bureau extended particularly to the questions of (1) organization of companies; (2) crude-oil production and prices; (3) pipe line and railroad transportation; (4) refining; (5) marketing refined products; (6) prices of products; (7) profits of companies, and (8) unfair competition. On nearly all of these subjects, the Bureau of Corporations has issued reports. The special discussions on the conditions in Kansas, Texas and California, as well as some aspects of the subject of unfair competition, and a special report on the foreign petroleum trade have not yet been published. The material of these reports, even before it was published, however, was placed at the disposal of the Department of Justice.

The sources of the material for the report on petroleum transportation are indicated below; for other branches of the oil trade, the information used was obtained from a great variety of sources. For some branches of the business, the desired material was obtained from the Standard companies directly. Thus, the Prairie Oil and Gas Company, of Kansas, practically opened its books to the agents of the Bureau. The Pacific Coast Oil Company and the Continental Oil Company furnished valuable records of prices. The Standard Oil Company of New Jersey also furnished a limited amount of information. In general, however, the Standard was reluctant to furnish the required information and not only interposed needless delays but also refused entirely to supply the most important data. Various reasons of administrative expediency, the risk of affording immunity from punishment, *etc.*, made the government, in this investigation by the Bureau of Corporations, refrain from using its full powers in such cases. More recently, the Standard has been brought into court, as described below, and has been forced to disclose its records and accounts very extensively. The information which is now being secured in this court proceeding bears out very fully the conclusions of the Bureau of Corporations. The greater part of the Bureau's data was secured from

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outside sources. Independent refining concerns—at least the more important ones—generally furnished extensive and valuable material concerning all aspects of the business, while a great amount of material was obtained from oil producers and from independent oil dealers, wholesale and retail. For the lubricating oil trade, valuable information was obtained from railway officials, in part by use of subpœnas. In order to obtain the most reliable data possible in regard to the foreign oil trade, an agent was sent to the chief markets and producing countries of Europe, and, although the subsidiary companies of the Standard refused to furnish information, much valuable material was obtained from their competitors. The official reports of the Geological Survey regarding crude-oil production and pipeline runs (which are taken from figures published by the pipeline companies), as well as the Census reports of production of refined-oil products, and all reliable sources of published information in trade journals, books, *etc.*, were extensively used.

The Report on Transportation

The subject of railway transportation attracted especial attention, as there was good ground for believing that the Standard Oil Company and its affiliated concerns enjoyed preferences from the railroads of sufficient importance to cause a serious impediment to competition. Prominent officials of the Standard had frequently gone out of their way to assert in a public manner that they no longer received rebates or any other kind of preferential treatment from the railroads, while the railroad officials throughout the country were even more emphatic in announcing to the public that abuses of that sort had been completely extirpated. The commercial respectability of some of these sponsors of the railways created a belief in the minds of many intelligent people that such offences, if they existed at all, were of a very sporadic character; but the best informed of the Standard's competitors were convinced of the contrary, though they had practically no evidence.

The Bureau of Corporations had not been very long studying the transportation situation before it procured evidence, not only of extensive secret preferences to the Standard over its com-

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petitors, but also of an equally iniquitous (though probably not criminal) system of adjustment of open rates to favor localities in which the Standard, and the Standard only, had refineries. This evidence was obtained from the examination of railway records and waybills and from the published and unpublished tariffs of the railways in all parts of the country. In some cases, a clue was furnished to the investigator; but most of the secret rates were discovered by taking important points of shipment and subjecting the railroad records of shipment and freight charges to a general scrutiny. The results were such as to surprise even those who had not accepted with ingenuous simplicity the fervent protestations of railway officials that discrimination in transportation rates was a disease of adolescence long since passed.

The detailed results of this part of the investigation were published in a volume entitled: *Report of the Commissioner of Corporations on the Transportation of Petroleum, May 2, 1906.* This report is, without doubt, one of the most valuable ever published by the national government. As indicated above, it showed two general forms of abuse in the matter of transportation rates. The first and more glaringly unjust, in fact criminal, proceeding was to arrange secret rates which enabled the Standard Oil Company to reach markets, in extensive areas of the United States, at advantages in cost of transportation often ranging as high as one to one and a half cents per gallon. Such differences in cost of transportation were much more than a reasonable profit on the investment in refining and marketing oil and were, therefore, sufficient to give the Standard a monopoly in such regions, because it could temporarily reduce its prices to a level which would compel competitors to sell at a loss and still make a profit itself.

After the Standard obtained a monopoly of such markets, the only checks set on price extortion were either the limits of demand and purchasing power of the consumer or the remote danger that extraordinarily large profits would tempt competitors to enter the market, even at an immense disadvantage in the rates of transportation. The advantage of such secret rates to the Standard, therefore, was not the mere difference in trans-

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port cost on a given number of carloads of oil, but the advantage of obtaining a monopoly and monopoly profits, often several cents per gallon above a reasonable profit. It is for this reason largely that discriminating rates are contrary to public policy and are regarded as so dangerous to the common welfare that the law pronounces them crimes.

It is impossible to enter here into a description of these secret rates, which are set forth in detail in the report, but the regions covered by the more important ones may be indicated, in a very general way, as follows: (1) for shipments from refineries in western New York to northern New York and northern New England territory; (2) for shipments from the Whiting refinery (near Chicago) to a large part of the area south of the Ohio and east of the Mississippi; (3) for shipments from Whiting to St. Louis and southwestern points beyond; (4) for shipments from St. Louis to Alexandria, La., and points beyond (Waters Pierce Oil Company); (5) in California instances were discovered of the direct payment of rebates, as well as many secret rates not arranged through rebates; (6) in some parts of the country the tank-car rentals paid by the railroads to the Standard Oil concerns were higher than to their competitors.

The discriminations were sufficient to assure control of the markets in these large territories and, therefore, to enable the Standard to extort monopoly prices. The Bureau of Corporations not only ascertained the existence of these unlawful rates, but obtained original documents, copies and abstracts of records, showing in detail the methods of concealing the rates and the volume of business covered by them. These detailed evidences have proved of great service to the Department of Justice in the criminal prosecutions subsequently initiated.

The second class of abuses may be described as a system of local discrimination in open or published rates intended to favor points where only the Standard had refineries. This, though not criminal, amounted to an injurious local discrimination forbidden by law, and for which remedy was intended to be provided in the Interstate Commerce Commission and in the civil courts. Although instances of such preferential treatment were naturally known to competing shippers, yet it was only through

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the comprehensive investigation of the Bureau of Corporations that the extent of this abuse was shown to be nothing less than a general system of rates whereby the railways conspired with the Standard to procure for the latter a monopoly of the oil trade. Connected with this discrimination was the equally unjust and unlawful refusal of railroads, in several important sections of the country, to prorate, *i. e.*, to make joint through rates, on oil, when such a refusal was favorable to the Standard's efforts to establish a monopoly in the trade.

The discovery of these widespread abuses in the business of transportation of oil happened at a time when the question of a more thorough control over the railways was a subject of legislative consideration, and the findings on this subject served to the enlightenment of Congress and the public. The existence of such conditions in the oil trade naturally did not tend to dissipate the suspicion that railway discriminations prevailed quite generally; and, therefore, this report of the Bureau had a decisive influence in securing the passage of the rate law of 1906, which gave to the Interstate Commerce Commission much wider powers over the control of railways, including the right of fixing reasonable rates and the right to inspect their records in most thorough manner. This law, therefore, was in part, at least, one of the first results of the investigation of the oil industry, because up to that time the champions of the railways in Congress were still denying the necessity of strict regulation and maintaining, generally, that the railways were conducting their affairs according to law.

The railways themselves, as soon as they learned that the Bureau of Corporations had made these discoveries, hastened to exculpate themselves as far as possible by quickly abolishing these secret discriminatory rates, by largely remedying the discriminations in open rates, and by resuming the practice of prorating on oil. The report had the immediate effect, therefore, of bringing extensive relief to independent oil shippers in large sections of the country. The Standard Oil officials who were given a hearing before the publication of the report made a very lame defense, often on lines quite different from those subsequently adopted in court.

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"Rebate" cases

The next result was the prosecution and conviction of the Standard on criminal charges of accepting unlawful discriminations in transportation. The work was naturally undertaken by the Department of Justice, but the offenses alleged were those discovered by the Bureau of Corporations, and, in the production of evidence as well as in the conduct of the case, the Bureau furnished most important assistance, because the offences, though palpable and glaring, required a technical proof which could be furnished only by persons intimately acquainted with the details of railway transportation.

Criminal proceedings were instituted in various district courts of the United States, where the offenses were committed. The number and character of these indictments are indicated in the table on pages 26 and 27.

The total number of indictments found against the Standard was nineteen, and the total number of counts was 8710. A small number of these counts, however, represent duplications of the same subject matter or offence. For example, in the Olean cases, both the consignee (Standard Oil Company of New York) and the consignor (Vacuum Oil Company) were indicted. Indictments for some of the same shipments were found also against certain railway companies, while other railway companies which had assisted the government in procuring or giving evidence were not indicted.

Prosecution has been conducted to a successful issue in the first case given in the above list, though an appeal to the higher court is still pending. In the seventh case, the defendants demurred and the demurrer was sustained by the court. The other cases have not come to trial at the present writing (December, 1907), though numerous demurrers of the defendants have been overruled. One of the cases against the railway companies, namely, against the New York Central Railroad for failure to file the tariff according to which it transported oil for the Standard, has been prosecuted, and the railway has been convicted and fined $15,000.

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INDICTMENTS FOUND AGAINST THE STANDARD OIL CONCERNS AND VARIOUS RAILROADS FOR DISCRIMINATION IN RAILWAY RATES

COURT	DATE	NUMBER OF INDICTMENTS	COUNTS OF INDICTMENTS	COMPANY INDICTED	ROUTE OF SHIPMENTS
Northern District of Illinois.	Aug. 27, 1906.	1	1903	Standard Oil Co. of Indiana.	Chicago & Alton Railway from Whiting, Ind., to East St. Louis, Ill., and from Chappell, Ill., to St. Louis, Mo.
do	do	1	134	do	do
do	do	1	2124	do	Chicago, Burlington & Quincy Railway from Whiting, Ind., to East St. Louis, Ill., and St. Louis, Mo.
do	do	1	220	do	do
do	do	1	1318	do	Chicago & Eastern Illinois, and Evansville & Terre Haute railroads, from Whiting, Ind., to Evansville, Ind.
do	do	1	597	do	do
do	do	2	103	do	Chicago & Eastern Illinois, and Evansville & Terre Haute railroads, from Whiting, Ind., *via* Grand Junction, Tenn., to various points in the South.
Eastern Division of the Western District of Tennessee.	Oct. 16, 1906.	1	1524	do	Illinois Central and Southern railroads, from Evansville, Ind., *via* Grand Junction, Tenn., to various points in the South.
Eastern District of Missouri.	Nov. 28, 1906.	1	76	Waters Pierce Oil Co.	St. Louis, Iron Mountain & Southern Railway, from St. Louis, Mo., to Alexandria, La., and to points in Louisiana beyond Alexandria, *via* Morgan's Louisiana & Texas and the Louisiana Western railroads.

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INDICTMENTS FOUND AGAINST THE STANDARD OIL CONCERNS AND VARIOUS RAILROADS FOR DISCRIMINATION IN RAILWAY RATES.—*Concluded*

COURT	DATE	NUMBER OF INDICTMENTS	COUNTS OF INDICTMENTS	COMPANY INDICTED	ROUTE OF SHIPMENTS
Western District of Louisiana.	Jan. 28, 1907.	1	32	Waters Pierce Oil Co.	St. Louis, Iron Mountain & Southern Railway, from Bixby, Ill., to Alexandria, La., and *via* Morgan's Louisiana & Texas and Louisiana Western railroads to points in Louisiana beyond Alexandria.
Western District of New York.	Aug. 24, 1906.	1	23	Standard Oil Co. of New York.	From Olean, N. Y., to Vermont.
do	do	1	123	do	do
do	Aug. 10, 1906.	1	23	Vacuum Oil Co.	do
do	Aug. 9, 1907.	1	188	Standard Oil Co. of New York.	From Olean, N. Y., to Burlington, Vt., *via* New York Central and Rutland railways, or New York Central, Rutland and Vermont Central railways.
do	do	1	40	do	From Olean, N. Y., to Rutland and Bellows Falls, Vt., *via* N. Y. Central and Rutland railways or N. Y. C., Rutland and Vermont Central railways.
Western District of N.Y.	Aug. 9, 1907.	1	188	Vacuum Oil Co.	From Olean, N. Y., to Burlington, Vt.
do	do	1	40	do	From Olean, N. Y., to Rutland and Burlington, Vt.
do	Sept. 6, 1907.	1	54	Standard Oil Co. of New York.	From Olean and Rochester, N. Y., to Vermont points.
		19	8710		

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The only important case which up to December, 1907, had come to trial, was the indictment against the Standard Oil Company of Indiana for accepting a secret rate on shipments over the Chicago and Alton Railway, from Whiting, Indiana, to East St. Louis, Illinois, and from Chappell, Illinois, to St. Louis, Missouri. The published rate on this traffic was eighteen cents per hundred pounds (as far as East St. Louis, a bridge toll of one and a half cents being added on shipments to St. Louis); while the rate paid by the Standard Oil Company of Indiana, during the period of about three years covered by the indictment and for many years before, was only six cents per hundred pounds. On this rate, the Standard had transported, as charged in the indictment, 1903 carloads of oil, each carload being made the subject of a distinct count and separate proof. The trial of this case began in Chicago, on March 4, 1907.

The defence not only exhausted every device of technical objection and obstruction but also attacked the constitutionality of the "Elkins" law forbidding rate discrimination, alleging the right of the railroads and shippers to make private contract rates, an impudent assertion which the court justly characterized as an "abhorrent heresy." The question of guilt in the matter of technical proof depended to a large extent on the requirements of the law that carriers must file rates, and the argument of the prosecution was that shippers must be charged with the knowledge as to whether such rates were lawfully filed or not. The defendant pretended ignorance of the fact that the six-cent rate had not been filed by the Alton and alleged that it was an unreasonable requirement to charge it with such knowledge. On this point, the court said in rendering judgment:

> The honest man who tenders a commodity for transportation by a railway company will not be fraudulently misled by that company into allowing it to haul his property for less than the law authorizes it to collect. For the carrier thus to deceive the shipper would be to deliberately incriminate itself, to its own pecuniary detriment, which it may safely be trusted not to do. The only man liable to get into trouble is he who, being in control of the routing of large volumes of traffic, conceives a scheme for the evasion of the law, and connives with railway officials in its execution.

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The jury returned a verdict of guilty on 1462 counts, on April 14, 1907; a considerable number of counts, namely 441, were thrown out on technical grounds. In the matter of penalty, the Standard's counsel argued (1) that there were only three offences shown, namely, one for each year in which the rate was in force; (2) that there were only 36 offences shown, namely, one for each monthly settlement of freight charges; and (3) that each train load constituted a separate offence. The court held, however, that the unlawful rate was made on a carload lot basis, and that each carload unlawfully transported constituted a distinct offence. In considering the amount of the fine to be levied, the court demanded information from the officials of the Standard Oil Company regarding the net earnings and dividends of the chief holding company of the trust—the Standard Oil Company of New Jersey. Their attendance and testimony were obtained only by writ of subpœna; and it was admitted that the net profits during the years 1903 to 1905 (when these rebates existed) amounted to $81,336,994, $61,570,110 and $57,459,356 respectively.

In view of the fact that the counsel of the defendant openly maintained the right of the railways and shippers to make private contracts for rates, the court declared that it was "unable to indulge the presumption that in this case the defendant was convicted of its virgin offence." The defendant also claimed that, as there were no other shippers of oil over the Chicago and Alton Railway, no one was injured by the secret rate. On this matter the court said:

> It is novel, indeed, for a convicted defendant to urge the complete triumph of a dishonest course as a reason why such course should go unpunished.
>
> Of course, there was no other shipper of oil, nor could there be, so long as, by secret arrangement, the property of the Standard Oil Company was hauled by railway common carriers for one-third of what anybody else would have to pay.

Moved by these considerations, the court adjudged, on August 3, 1907, that the defendant should pay the maximum penalty and fined the Standard Oil Company $20,000 for each offence,

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that is, for each of the 1462 counts in the indictment upon which conviction was obtained. The total fine, therefore, amounted to $29,240,000. The large amount of the fine created a great sensation, but, after all, it was a bagatelle compared with the sums that the Standard Oil Company had extorted from the people of the United States very largely by means of such criminal methods. The fines prescribed by law were intended to be exemplary; and, in view of the difficulty in discovering such offenses and in procuring conviction, it was quite proper that an old and hardened offender like the Standard Oil Company, which had grown rich by such criminal practices, should suffer the full penalty of the law.

The defendant in this case has, of course, taken an appeal to the higher courts, The only prospect that the appeal will be successful appears to lie in purely technical points. The Standard officials have issued a statement protesting against the conviction and fine and alleging that, at most, they were merely technically guilty and that there was no intention to violate the law and no moral guilt. The only point worthy of consideration in this statement is the claim that, at the same time that the Standard was shipping over the Alton at an unfiled rate of six cents, there was a rate over the Chicago and Eastern Illinois Railroad from Whiting to East St. Louis of substantially the same amount, namely, six and one-fourth cents, and that this rate had been filed with the Interstate Commerce Commission and was an open rate. It was argued that the judge, in the Alton case, had unjustly excluded testimony on this point as irrelevant. The answer to this contention is that the rate over the Chicago and Eastern Illinois Railroad was as secret as the rate over the Alton, and that the judge did consider this point in imposing the fine. Filing of a rate with the Interstate Commerce Commission is not a complete compliance with the law requiring publicity of rates. The rates must also be posted in the forwarding stations and must be open to all shippers. The Chicago and Eastern Illinois did not conform to these latter requirements of the law but kept the rate completely secret. As a means to that end it "blind billed" the freight, that is, showed no rate on the way-bills and collected the actual charges, not

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through the local agent but by the unusual method of bills rendered by the general auditor. The evidence, indeed, points strongly to the conclusion that the tariff was never even in the possession of the local agent, who therefore could not have disclosed the true rate to a prospective competing shipper. The care used by the Alton to conceal its rate by falsely entering the rate of eighteen cents on its way-bills and secretly collecting the lower rate through its general auditor cannot be explained if, as a matter of fact, the Chicago and Eastern Illinois rate was an open one. Officers of the Chicago and Eastern Illinois had previously admitted to representatives of the Bureau of Corporations that the East St. Louis rate of that road was secret, and apparently they did not even know that it had ever been filed with the Interstate Commerce Commission. It may be noted that the tariff thus filed with the Commission did not read directly from Chicago or from Whiting, but from an insignificant junction point called Dolton, which no one would ever think of looking up.

The other rate cases against the Standard companies remain to be tried. The opinion may be ventured that the evidence in the more important of these cases is even stronger than in the Alton case.

The Standard's monopoly

The next report of the Bureau of Corporations on the petroleum industry, after the above-mentioned report on transportation, was entitled: *Position of the Standard Oil Company in the Petroleum Industry*. It was published on May 20, 1907. This report gives a general description of the petroleum industry in the United States and of the leading concerns engaged in it. This involves a comprehensive statement of the history and organization of the Standard Oil Trust and its successor, the Standard Oil Company of New Jersey, with their numerous subsidiary concerns.

A large part of the facts stated in the report on this subject was already quite well known through the publication of various judicial proceedings, governmental investigations, *etc.* The most essential point of the matter is that, while the Standard Oil Trust was nominally dissolved in 1892, as the result of legal

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proceedings brought against it by the state of Ohio, as an unlawful combination in restraint of trade, yet, nevertheless, it had practically evaded the decrees of the court and continued for several years with substantially the same organization as before, when it was reorganized in the form of a holding corporation.

The report also discusses the relation of the Standard to the production of crude oil, pipe-line transportation, refining and control of markets in the United States. It is shown that the Standard, in all the important oil fields except Texas and California, buys anywhere from 80 to 99 per cent of the total crude product and, in such fields, has almost unlimited power to fix the price of crude oil. Except in the Lima-Indiana, Pennsylvania and Illinois fields, the Standard is not a large producer of crude oil, and, even there, it has less than a third of the output. The monopoly position of the Standard as a purchaser of crude oil is shown to be the result of its control of almost all the pipe lines of the country. These lines in the aggregate amounted, in 1906, to perhaps as much as 50,000 miles of pipe of various sizes. The only important independent trunk pipe line from the principal oil fields, at that date, was that of the Pure Oil Company. This line of about 550 miles, which reaches the Atlantic seaboard, was established in the face of the most bitter opposition not only of the Standard but also of the railways, which were incited by the Standard to throw every obstacle in the way. In other cases also the Standard has repeatedly used most unfair means to prevent the construction of competing pipe lines or to destroy the business of those already laid. Recently two independent companies have constructed important trunk lines from Oklahoma to the Gulf.

Investigations of the Bureau show clearly how this control of the pipe lines by the Standard has been made an engine of monopoly. Although by the laws of several of the states pipe lines are required to act as common carriers, and although by the federal law of 1906 they are required to act as such in interstate transportation, the Standard pipe lines have never, up to the present time, generally and uniformly transported oil for others; and, in the instances where they have done so, or have held themselves out as willing to do so, they have made prac-

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tically prohibitive rates. Since the passage of the federal law mentioned, the Standard has taken the position that only those pipe lines or parts of pipe lines which had exercised the right of eminent domain could be made common carriers by federal enactment. Consequently, several of the most important pipe lines of the Standard have failed to file tariffs under this law. This is true of the lines reaching the new and enormously productive mid-continent (Kansas and Oklahoma) and Illinois oil fields. The ability of the Standard to use this cheap oil in its great eastern refineries, while its competitors (except purely local concerns in and near these oil fields) have to use much higher priced oil, because they cannot ship through the Standard pipe lines, is to-day the Standard's principal bulwark in protecting its monopoly of the refining industry. Moreover, the pipe lines, reaching the seaboard have failed to name any rates from any oil field to New York harbor or to Baltimore, two of the most important destinations to which independent concerns might wish to ship oil, the only seaboard points for which rates are filed being Philadelphia and the neighboring town, Marcus Hook, Pennsylvania. Instead, the pipe lines have adopted the absurd procedure of naming a large number of rates to Unionville, New York, Centerbridge, Pennsylvania, and Fawn Grove, Pennsylvania. All of these points are on state lines bordering New Jersey or Maryland. The Standard contends that, since there is no eminent domain law for pipe lines in New Jersey and Maryland, it cannot be required to transport oil for others through these states. In order to evade the law the Standard changed the ownership of that part of its pipe lines lying in New Jersey and Maryland. Formerly, the same companies which owned the trunk lines through New York and Pennsylvania owned the pipes in these other two states, but, shortly before the passage of the act of 1906, they were transferred to the Standard Oil Company of New Jersey. Furthermore, the Standard, as a condition of transporting oil for others, in the few tariffs filed in accordance with this law, has imposed the requirement that the minimum shipped shall be 75,000 barrels, or, in some cases, even as high as 300,000 barrels—quantities so great as practically to prevent shipments by others.

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The report also makes an interesting comparison of the rates charged for pipe-line transportation and the computed costs of transportation. The rates are generally about the same as railway transportation rates, while the computed costs are exceedingly small. The difference between a reasonable rate (based on total cost of operation and a fair allowance for depreciation and ten per cent for return on investment) and the pipe-line rates charged by the Standard is estimated to range, for a considerable number of important piping routes, from one-half of a cent to one cent per gallon.[1] This is a very great advantage and one which the Standard is not even legally entitled to enjoy, because many of the pipe lines have been built under special franchises granted by the state or have exercised the right of eminent domain, and hence are under obligation to act as common carriers and to charge reasonable rates.

Through its control of pipe lines, the Standard acquired, as stated above, the power to control to a large extent the amount of crude oil obtained by independent refiners, and it has sometimes used this power to restrict their output and to compel them to sell their products to it. In fact, it is mainly on this account that the Standard has become the principal and sometimes almost the sole purchaser of crude oil in all the large oil fields except those of Texas and California.

It has naturally resulted, therefore, that the Standard has secured and maintained almost a monopoly of the refining business. The Standard reported to the Bureau that, in 1904, the total output of its refineries amounted to 21,341,179 barrels of illuminating oil. Adding to this the output of affiliated refineries not included in this statement, the total output controlled by the Standard was about 23,484,000 barrels. The total production of illuminating oil in the United States, in 1904, was 27,135,094 barrels; the Standard produced, therefore, 86.5 per cent of the total. The total number of refineries in the United States, in 1904, was about one hundred, while the Standard operated or controlled twenty-three. The Standard's refineries,

[1] Accounts of the Standard Oil pipe lines recently produced in court show that the Bureau's estimates of costs were too conservative, and that the costs are really less than estimated and, hence, the profits per gallon considerably greater.

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however, are generally very large, while most of the independent refineries are small. In fact each of two refineries of the Standard produces more than all the independents taken together.

The Standard's chief refineries are situated at skilfully selected points, where the full advantage is obtained, on the one hand, from cheap pipe-line transportation of crude oil and, on the other hand, from convenient location with respect to markets. In connection with this last advantage, an important feature was the existence of the secret freight rates already described. Thus, some of the most important secret freight rates were from Whiting (near Chicago), to points in the South and West, and at Whiting the Standard had one of its most important refineries, while the independents did not have any there or near Chicago, because they could not employ economically the Standard's pipe line from the Lima-Indiana field.

Having control of the pipe lines and of the great bulk of the refining industry, together with unlawful advantages in the transportation of its products to the markets of final sale and consumption, the Standard was enabled to monopolize quite completely the sale of refined products to retail dealers and thus to strengthen its control of prices. In order to establish this control on the most secure basis, it organized an elaborate marketing system with an extensive equipment of tank cars, storage tanks, barrel depots and tank wagons, for the distribution of its products. Illuminating oil and gasoline are generally handled in bulk from the time they leave the refinery until they are sold to the retail dealer. The jobbing business in these products has been almost completely destroyed. Lubricating oil is sold by the Standard directly to the large consumers, such as railroad companies and large factories, but for the smaller consumers a large part of this branch of the trade is still in the hands of jobbers, to whom the Standard sells the oil in the great central markets.

The elaborate organization of the business of distribution, particularly in the illuminating oil and gasoline trade, is one of the surest means for obtaining monopoly prices. The small refiner is compelled to go after the trade in the same manner and

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to exhaust his energies in trying to market his product, because wherever he appears, the Standard concerns are able to cut prices locally and to destroy his profits without affecting the bulk of their business.

From extensive statistical data regarding the companies which supplied illuminating oil to a vast number of retail dealers in 1904, it is estimated that about ninety per cent of these dealers bought their oil wholly or partly from the Standard, while only about ten per cent of the dealers procured oil from concerns which were known as independent concerns. In some parts of the country, namely, the Rocky Mountain states, over 99 per cent of the trade appeared to be in the hands of the Standard. In the southern part of the North Atlantic states (*i. e.*, excluding New England), the independents made the best showing; in that region they supplied nearly eleven per cent of the trade, while about five and a half per cent was supplied by concerns not classified, and nearly 84 per cent by the Standard. These estimates of the Bureau have recently been confirmed from records of the Standard Oil Company showing its own estimates—largely based on precise reports of shipments of competitors—of its proportion of oil marketed. For 1904 the Standard calculated that it marketed 87.3 per cent of the illuminating oil in the country as a whole; for the Rocky Mountain states, 99.1 per cent.

Prices of petroleum products

Following the report on the position of the Standard Oil Company, just discussed, came in August, 1907, the report of the commissioner of corporations on *Prices and Profits in the Petroleum Industry*. This report comprises a comprehensive investigation into the course of prices of petroleum and petroleum products in the United States over a series of years, and contains also some comparisons of domestic with foreign prices, the detailed material concerning foreign prices being left for a special report on foreign trade soon to be published. Several chapters show the extent of the local price discrimination of the Standard in the sale of illuminating oil and gasoline, commodities which it generally sells directly to the retail dealer. The report also comprises discussions of the profits of refining and

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marketing oil and a special chapter on the prices of railroad lubricating oil.

In order to have a proper view of the movement of oil prices, it is necessary to compare the prices which the Standard pays for crude oil with the prices of illuminating oil and the chief by-products. For illuminating oil, very extensive statistics regarding the prices paid by retail dealers were obtained, principally from the dealers themselves, partly from Standard concerns. For the month of December, 1904, the number of returns tabulated for water-white oil—the grade generally used—amounted to 1830 and covered all states of the Union, with a few exceptions, in a comprehensive manner. For the period September, 1897, to June, 1905, a sufficient number of price records were obtained to compute approximately the true average price-level per gallon for each month, and to show the movement of prices.[1] The prices of gasoline were taken as representative of the prices of naphthas and were obtained in the same manner as were those for illuminating oil. The number of price records obtained, though much less extensive than for illuminating oil, was sufficient to show the trend of gasoline prices (not the average price-level at a given time). For lubricating oil, which is sold chiefly to large jobbers (except railroad oil), the average prices of the Standard Oil Company as issued to the New England trade were used. These are fairly representative of the general course of lubricating oil prices. For paraffine wax—a small but valuable product—export values were used in default of a comprehensive record of domestic prices.

The prices of all these products showed considerable variation in movement from 1897 to 1905, but, on the whole, a strong advancing tendency. Illuminating oil, for example, advanced to a very high point in 1903–1904, and then declined

[1] Data of actual average prices subsequently produced by the Standard Oil Company in court showed that, for reasons which would require too much space to present here, the annual average prices thus computed by the Bureau exceeded by from a half cent to one cent per gallon the average proceeds of the Standard's sales. But the Standard's records showed even a greater advance, both absolutely and relatively, from 1898 to 1904, than the prices compiled by the Bureau. The Standard's records also showed that the Bureau underestimated the advance in the price of naphthas.

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in 1905, but, nevertheless, was considerably higher in that year than at the beginning of the period, and the average of the first two and a half years was much higher than that of the last two and a half years. The prices of the several products are compared with the prices of crude oil—both Pennsylvania and Lima-Indiana crude oil—and in each case, a decided increase appears in the margin between them. It necessarily follows that, for all of them combined, a similar increase in margin appears.

In order to make such a comparison, however, it was desirable to take account of the proportion of each kind of oil which is produced from the crude and to calculate the movement of the margin for all products combined in an average weighted according to these proportions. The result showed a great advance in the average margin, or, in other words, that, compared with the price of crude oil, the prices of products in the aggregate had advanced greatly. For example, the margin (not the profit) between all products and Pennsylvania crude oil is represented by the quantity 6.6 cents per gallon for the period 1898–1899, and by 8.4 cents per gallon for the period January, 1903, to June, 1905. This is a gain of 1.8 cents per gallon. In other words, for every gallon of oil products sold, it is computed that, deducting the cost of crude oil, the Standard received on the average 1.8 cents more during the second period than during the first period. A similar comparison for Lima-Indiana crude showed a gain of 1.7 cents per gallon.

An increase in the margin between the price of crude oil and the prices of petroleum products of 1.8 cents per gallon means an enormous increase in the profits of refining and marketing, provided the cost of operation and the investment of capital remain the same. Even supposing that the expenses on these two accounts had increased 25 per cent (which is probably an exaggeration) the increased expense would not have been over half a cent per gallon. Hence, the increase in net profits per gallon was probably at least from 1.2 cents to 1.3 cents per gallon. It should be remembered that about one cent per gallon constitutes a good business profit for the Standard.

The Standard Oil Company is estimated to have sold about 1,400,000,000 gallons of all kinds of petroleum products in the

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United States in 1904. On this gallonage, an increase in net profit per gallon of 1.3 cents is equal to more than $18,000,000. As the profits on the sale of oil products in the United States were undoubtedly very large in 1898 and 1899, this increase in the computed profits indicates that excessive profits to an enormous amount were obtained from the domestic trade in the latter period.

The prices which the Standard has received in foreign countries, on the other hand, have not shown the same movement as in the domestic trade. For the chief export markets, namely, in northern Europe and in the Orient, new competition, especially in 1904 and 1905, provoked severe price-cutting on the part of the Standard, which undoubtedly sold very large quantities of oil below cost in order to crush its rivals and to maintain control of the trade. To some extent, this competition came from concerns which drew supplies from the United States, particularly of Texas oil. The determination of the real course of prices in the markets of northern Europe, as in the United States, can only be obtained by getting the prices to retail dealers, because the bulk of the trade of the Standard in those markets is handled by subsidiary companies, which, to a large extent, distribute oil in bulk by tank wagon to the small shopkeepers. Extensive data concerning the prices at which the Standard sold oil from tank wagons were furnished by large marketing concerns in England and in Germany. In the Oriental countries, such as India, China, Japan and the Dutch East Indies, oil is sold generally by the Standard to native wholesale merchants in the principal ports. The prices in these markets also were furnished by one of the principal concerns in that trade.

These prices, when reduced to a proper basis of comparison—that is, by making due allowance for the difference in quality of oil sold abroad as compared with that sold at home (one cent per gallon is the amount reckoned by the Standard)—show that the prices in the export markets during 1904 and 1905 were much lower than in the domestic market, as stated above. The comparison presented in the Bureau's report is only approximately accurate; for, aside from the somewhat imperfect

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character of the data regarding foreign prices and costs of transportation *etc.*, the Bureau's estimate of the average prices in the United States has since been shown, by Standard records, to be somewhat too high. According to the calculations presented in the report on *Prices and Profits*, the net prices of illuminating oil in Germany from June, 1903, to August, 1905, averaged two cents per gallon lower than domestic prices. A similar comparison for English prices from January, 1903, to August, 1905, showed an average difference of 2.2 cents per gallon. These are the two largest export markets. In several other European markets large differences were found. It is possible, indeed probable, that the actual differences between the domestic and the foreign prices were somewhat less than the Bureau computed in this report; but the difference was certainly sufficient to constitute a serious discrimination against the domestic consumer. Standard records subsequently produced in court showed clearly that there was an extraordinary decline in the profits of the foreign marketing companies in 1904 and 1905, and that some of them actually lost money in their illuminating oil trade.

Apologists of the Standard have attempted to justify these low export prices on the ground of conditions of supply. As a matter of fact, however, there was no oversupply of oil in 1904 and in 1905, at which time prices were being cut with special severity. This is shown by the figures of the world's oil production and by the aggregate exports of the five large producing countries; in 1905, indeed, there was a marked decline both in production and exports, yet at that time the price-cutting was very severe. The import statistics of England and Germany, two markets in which this price-cutting was especially conspicuous, show also that for 1904 and 1905 the imports either were practically stationary or declined considerably. Moreover, throughout this period the Standard was active in trying to obtain or to increase its oil-producing and refining interests in foreign countries and was even buying Russian and Roumanian oil for sale in the markets where it was making these low prices. The real cause of the low prices was the desire of the Standard to crush new competitors. While

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the Standard was thus dumping American oil in the foreign market at prices often below cost, the American people undoubtedly had to pay the piper; the prices of crude oil were reduced and the domestic consumer was compelled to pay an extortionate price.

The domestic prices, however, were by no means uniform. The general policy of the Standard has always been to charge what the market would bear, taking into account the existence in some places of competition or potential competition of independents. This local discrimination has been one of the most glaringly unjust features of the Standard's price policy. From the extensive returns for December, 1904, as well as from the price records for earlier periods, the report shows the extraordinary and arbitrary character of this price discrimination. The most conclusive evidence secured by the Bureau on this point was from the records of the Waters Pierce Oil Company, which showed the varying margins of profit as calculated by the Standard. These latter records showed, for example, in the first six months of 1904, the following profits per gallon on illuminating oil, according to the divisions of territory in which this company operated: St. Louis division, 0.6 cents; East Texas and Louisiana, 1.8 cents; Missouri, 1.8 cents; Arkansas, 2.8 cents; South Texas, 3.3 cents; Central Texas, 3.5 cents; North Texas, 4.4 cents.

The extreme price differences shown by the Bureau for other localities in the country correspond to similar differences in profit within a given region of supply. The Atlantic seaboard states, all of which have the same or substantially the same sources of supply, show widely different average prices; for example, in December, 1904, deducting transportation costs, the average price of illuminating oil in Delaware was 7.7 cents per gallon, in Pennsylvania 8.7 cents per gallon, in New York 10 cents per gallon, in Florida 12.8 cents per gallon. The states in the region supplied from the refineries of the Lima-Indiana field show similar differences, ranging from 8.5 cents per gallon for Ohio to 13.9 cents for Arkansas.

Individual cities show similar extraordinary differences, which cannot be explained on the ground of difference in size or other

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conditions which might be supposed to affect the cost of marketing. For example, deducting freight, the average prices per gallon in December, 1904, were as follows: Worcester, 7.5 cents; Jersey City (near the great Standard refinery at Bayonne), 11.3 cents; Richmond, 7.8 cents; Jacksonville, 12.5 cents. These cities are all supplied from seaboard refineries, under practically the same conditions of cost. The differences represent substantially differences in profit. The letter of the commissioner to the president states: "The evidence is absolutely conclusive that it is the price policy of the Standard Oil Company to take full advantage of all noncompetitive conditions to impose the highest prices possible and to extend such noncompetitive conditions by aggressive price cutting calculated to drive out rivals."

Data presented in court by the Standard Oil Company, subsequent to the Bureau's report, fully confirm the Bureau's conclusions as to price discrimination. They showed wide differences not only in the prices but in the profits per gallon as between different sections of the country and as between different towns. Other statistics presented in court showed by sections and by towns the percentage of the trade controlled by the Standard, and it appears clear that the prices were adjusted according to the degree of competition encountered.

Another striking form of price discrimination practiced by the Standard is found in the method of selling lubricating oils to railroads. The general system under which this business is conducted by the Standard is to supply the various sorts of lubricating oils required by railroads at regular invoice prices, accompanied by a guarantee that the cost of lubrication shall not exceed a stipulated amount per car-mile. Under the terms of guarantee, the majority (though by no means all) of the railroads receive a deduction from, or a repayment of, a part of the original invoice price. The guarantees, however, vary greatly between different roads, with the result that the effective or net prices paid by the railroads are widely different. Data were obtained regarding these contracts and the resultant net prices from 94 railroads. The average proportion of the invoice prices paid by the roads was 83.4 per cent; but the Pennsylvania Rail-

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road paid only 49 per cent, while 41 railways paid the full invoice prices. Eight roads paid on an average 57.6 per cent; twelve roads, 74.4 per cent; fifteen roads, 85.5 per cent; and seventeen roads, 95.7 per cent of the invoice prices.

The obvious reason for the very favorable terms made to the Pennsylvania Railroad is that, owing to the fact that it extends throughout the two great eastern oil fields and reaches almost every independent refinery, it is in a position to promote or to check the development of the trade of the competitors of the Standard to an extraordinary degree. It is probable that the Pennsylvania Railroad pays a normal price for the oil it receives, and that most of the other companies pay excessive and, in some cases, extraordinarily exorbitant prices. It has been since developed, indeed, through judicial proceedings, that the profits of the Galena Oil and Signal Company, the branch company of the Standard which handles this business, are extravagantly high. The less favored roads buy their oil of the Standard at prices higher than would be charged by the independents, apparently for two reasons: first, the Standard interests have a powerful voice in the directorates of many of the railways, and, secondly, the Standard is such an important shipper that the railways are afraid to incur its displeasure. To get the general business of transporting the Standard's products, they consent to buy its lubricating oil at excessive prices. This, in its effect on the Standard, is as good as a rebate in freight rates.

Profits and economy effected by the Standard

This report of the commissioner of corporations also takes up the question of the profits of the Standard Oil Company. The high dividends paid by the Standard, not less than 30 per cent in any year since 1897, do not represent the whole of its earnings. An extreme case is 1903, when a dividend of $42,877,478 was declared (44 per cent), while the net earnings were nearly twice as great—$81,336,994 on a capital stock of $97,448,923. The report points out that the net capital or assets of the company are considerably greater than the par value of the stock, this excess representing accumulated profits. The net book value of the properties and assets of the Standard,

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subsequently produced in court, was $270,217,922 at the end of 1903 ($359,400,193 at the end of 1906). Even then, however, a profit such as that obtained in 1903 is highly excessive.

Detailed computations are made in this part of the report of the cost and profit in refining and marketing, which are of a too technical nature to be set forth in a brief space. It suffices to give the conclusion, namely, that for these branches of the business, and considering only five Standard refineries working exclusively for the domestic market, the profit is reckoned, on the average, at about 97 cents per barrel of 42 gallons, which is computed to be about 42 per cent on the average investment in refineries and marketing facilities. Of course there is an additional profit on pipe-line transportation.

A very important feature of this part of the report is the discussion of the real influence the Standard has had on the development of the oil trade and the reasons for its supremacy. It is shown by comparison of prices, since the beginning of the industry, that the greatest reductions in the price of refined oil—as measured by the difference between the prices of crude oil and export oil—occurred before the Standard acquired a monopoly, and that since its monopoly was established a large part of the price reductions is equalled by reductions in the rates of railway transportation to the seaboard. Compared with prices of crude oil the domestic prices of illuminating oil and by-products during the last decade have shown a marked advance, as has been shown above.

The great economies obtained by the Standard in pipe-line transportation, in large-scale refining, and in elaboration of valuable by-products, have not led to price reductions. The Standard has pocketed these economies. Its ability to maintain its monopoly position while charging exorbitant prices is not due to superior efficiency, as its defenders claim, but to unfair advantages, namely, exorbitant pipe-line rates to outsiders (or total exclusion of outsiders from use of the pipe lines), unlawful preferences in railroad rates in the transportation of refined products to market, unfair local price-cutting, whereby the small refiner or jobber in oil is not allowed to get a fair price for his oil in the places where he attempts to compete with the Standard, and other unfair marketing methods.

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The report estimates that, through its pipe lines, the Standard gets an advantage over outsiders of about three-fourths of a cent per gallon of crude oil, that its greater efficiency in refining may be from one-fourth to one-half of a cent per gallon, while in marketing costs there is substantially no difference. "At the outside, the superior efficiency of the Standard in the three branches of the business combined would not represent a difference in cost of more than one and a half cents per gallon, on the average, for all petroleum products."

On the other hand, the profit of the Standard in its domestic pipe-line, refining and marketing business is computed to average about two and a-quarter cents per gallon above a normal competitive profit (including depreciation and ten per cent on investment). "This means simply that even if the products of independent concerns cost them one and a half cents per gallon more than the Standard's products cost, they could yet make a good profit at prices considerably less than the Standard extorts; in other words, the Standard gives the consumer none of the advantages due to its superior efficiency."

Computations from the figures of the Waters Pierce Oil Company, a marketing concern of the Standard, show that the prices it received in 1903 gave it a profit of 1.9 cents per gallon over and above what was necessary to yield ten per cent profit on its investment, and this excess is in the marketing business alone, as the Waters Pierce Company does not refine oil in this country.

Hence the report concludes that, if the independents were given fair treatment by the railways and the unfair competition of the Standard were put an end to, the independents would be able to sell oil at lower prices than the Standard exacts on the average and yet make a fair profit. If, besides this, the Standard pipe lines were compelled to carry the oil of the independents at reasonable rates, there would not be much difference in the efficiency of the large independents and the Standard. Indeed, if all these unfair advantages were abolished, there is no reason whatever why the Standard should monopolize, or nearly monopolize, the sale of oil in this country.

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Conclusion.

In November, 1906, a bill in equity was presented to the United States district court in St. Louis, alleging that the Standard Oil Company was a combination in restraint of trade, and was attempting and had, in fact, established by unlawful means a monopoly in the oil trade of the United States contrary to the laws and especially in violation of the Act of 1890, commonly called the Anti-Trust Act, and praying that the court dissolve the same and enjoin the said company and its subsidiary companies and principal stockholders from persisting in such unlawful acts. Evidence is now being taken in this case. The results of the investigations of the Bureau of Corporations have been placed at the disposal of the Department of Justice, and its officers have been giving their aid in the prosecution of the case.

Whatever may be the result of these proceedings, it may be pointed out that, even if the Standard is permitted to continue business in something like its present organization, it can be prevented from exercising an obnoxious control of the trade by three means which are apparently well within the powers of the Federal Government. First, the pipe lines should be obliged to fulfil the duties of common carriers and to transport oil for all shippers at reasonable rates. Second, careful supervision of railway rates and railway management should be established, and all forms of preference to the Standard should be abolished. Third, the system of local price discrimination should be made unlawful, and only such differences should be permitted in local prices as are warranted by differences in the cost of refining the oil and transporting it to the markets of consumption. Regulation of this latter sort has already been successfully established in the states of Kansas and Iowa. Given these three conditions, the Standard would find it impossible to prevent the independent refiner from doing business in all parts of the country, and, if it should continue to do the bulk of the business, it could only be on a basis of reasonable prices and legitimate profits.

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THE PROGRESS OF THE FILIPINO PEOPLE TOWARD SELF-GOVERNMENT[1]

THE opening of the Filipino Assembly by Secretary Taft on the sixteenth of October was an event of significance in the carrying-out of America's unique colonial policy of attempting to train the people of her tropical dependencies for self-government. The importance of the event makes the present an opportune time for reviewing the political progress of the Filipino people.

There is little reliable information concerning the character of the inhabitants of the Philippine Islands at the time of the Spanish occupation in the forepart of the sixteenth century. The few descriptions we have are in many respects contradictory.[2] Among ethnologists the weight of opinion supports the conclusion that the population was then, as now, principally[3] of Malay ethnic stock.[4]

Dr. David P. Barrows estimates the population of the islands in 1591, on the basis of the number of tributes paid, at 667,612.[5] These Malay peoples seem to have come to the Philippines in a more or less continuous migration, lasting for several centuries, from the region of Sumatra and the Malay peninsula. They were a sea-faring people, and came in sail boats containing from 50 to 100 persons each. The boats were called in the Malay language *balangay*. Usually one family traveled in each

[1] This paper is a revision of an address delivered before the students of Cornell University, March 1, 1907.

[2] *Cf.*, on this subject, the early descriptions contained in the first ten volumes of Blair and Robertson, The Philippine Islands.

[3] The one important exception being the Negritoes or pygmy blacks, who at the present time number probably somewhere between twenty-five and fifty thousand. *Cf.* Worcester, The Non-Christian Tribes of Northern Luzon, in *Philippine Journal of Science* I, no. 8 (October, 1906), pp. 805–812.

[4] Barrows, History of the Population, in Census of the Philippine Islands, I, p. 411; Jenks, A. E., The Bontoc Igorot, p. 19.

[5] Phil. Census, II, p. 17.

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balangay. The family was of the patriarchal character and comprised the old man, his children and grandchildren, and all the servants and slaves. These family groups in time came to be called balangay, later *barangay*, after the word meaning boat. The head man was called *datu*, meaning grandfather.[1] His authority was absolute, at least in theory. These barangay appear to have been united into a loose form of town government, the chieftainship of the town being hereditary.[2] There is no evidence of the existence of any such democratic assemblies for the election of chiefs and the conduct of tribal affairs as those of our Germanic forefathers, which contributed so much to the subsequent capacity of Teutonic peoples for self-government.

These primitive Filipino people are said to have gained a livelihood by hunting and fishing and a rude form of agriculture. Some of them are reported to have been acquainted with an alphabet of Sanskrit origin.[3] A few had been converted to Mohammedanism before migrating to the islands. The religion of most of these early Filipino people, however, appears to have been a combination of animism and sabianism. The worship of the spirits of their ancestors played a very prominent rôle in their lives. Coupled with this ancestor worship, possibly a part of it, was the worship of the sun, moon and stars. They practiced divination, believed in witches, and buried slaves alive with their warrior dead.[4]

The following extracts are taken from two of the most authoritative early descriptions of these people.

Legaspi, about 1569 after having been in the islands four years, wrote concerning the Filipinos of Cebu:

These people wear clothes, but they go barefooted. Their dress is

[1] McGovern, D. O., Civil Government in the Philippines, pp. 84–86.

[2] "The tribe itself as a body politic is unknown in this archipelago. The Malayan has never by his own effort achieved so important a political organization. Such great and effective confederacies as we find among the North American Indians are far beyond the capacity of the Filipino of any grade." Barrows, in Phil. Census, I, p. 453.

[3] Phil. Census, 1903, I, p. 412; Leroy, Philippine Life in Town and Country, p. 23.

[4] *Cf.* Plasencia, Juan de, Customs of the Tagologs (1588–1591), in Blair and Robertson, The Philippine Islands, VII, pp. 185–196.

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made of cotton or of a kind of grass resembling raw silk. . . . They are naturally . . . distrustful, and if one has treated them ill they will never come back. . . . They are a people extremely vicious, fickle [and] untruthful. . . . When these people give or lend anything to one another, the favor must be repaid double, even if between parents and children, or between brothers. At times they sell their own children when there is little need or necessity for doing so.

Privateering and robbery have a natural attraction for them. Whenever the occasion presents itself, they rob one another, even if they be neighbors or relatives. . . . Any native who possesses a basketful of rice will not seek for more, or do any further work until it is finished. Thus does their idleness surpass their covetousness. . . .

I believe that these natives could be easily subdued by good treatment and the display of kindness.[1]

Francisco de Sande, who was governor of the Philippines from 1575 to 1580, said concerning the natives in a letter to Philip IV of Spain:

The natives are all very idle. If they would apply themselves to work a little of the time, they could have all they wanted, but as it is a hot country and they are barbarians, they go naked. Nevertheless, all know how to raise cotton and silk, and everywhere they know how to spin and weave for clothing. . . . In the mountains there are wild boars, deer and buffalo, which they can kill in any desired number. Rice, which is the bread of the country, grows in abundance. Therefore, they are afflicted by no poverty, and only seek to kill one another, considering it a great triumph to cut off one another's heads and take captives.[2]

In reading over these and other early descriptions of the primitive Filipino people, one is impressed by the similarity between their mental characteristics and the typical mental characteristics of the Malay race as they are described to-day. The ethnologist Keane, for example, says: The typical Malay is "normally quiet, reserved and taciturn, but under excitement subject to fits of blind fury; fairly intelligent, polite and ceremonious, but uncertain, untrustworthy and even treacherous;

[1] Quoted in Phil. Census, I, p. 493.

[2] *Ibid.*, pp. 493, 494.

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daring, adventurous and reckless; musical; not distinctly cruel, though indifferent to physical suffering in others."[1]

We shall probably not be far from the truth if we conclude that the Filipino people at the close of the sixteenth century were a fairly typical Malay people of the tropics, just emerging from a state of barbarism; and that their civilization was on about the same plane as that of their ethnic kinsmen, the Bontoc Igrot of to-day, with the differences that usually distinguish hill tribes from people of the plains.

Such then was the raw material on which Spain began her work in the Philippines. What sort of a finished product did she turn out as the result of three and a third centuries of colonial administration?

If we are to understand aright Spain's work and influence in the Philippines, we must keep firmly in mind two important facts: First, that Spain's dominant purpose in the Philippines was neither commercial nor political, but religious; it was the conversion of the natives to Christianity, "and the establishment of a great Christian outpost on the frontiers of heathendom." It is not intended to maintain that political and commercial motives were absent from the minds of Spanish rulers in the extension of the Spanish domains, but that they were, at least in this case, secondary to the religious motive. To Spain the Philippines in the early days were much more of the nature of a mission than of a colony.

The second fact to be constantly born in mind is corollary to the first: it is that during almost the entire period of the Spanish régime practically the only Spaniards in the islands, outside of the few principal cities, were the members of the religious orders commonly known as the friars, who were scattered throughout the archipelago. A monastery and church were established in nearly every village. By a special dispensation of the church the friars quite generally performed the duties of parish priest in addition to the regular duties of their orders. They often had Filipino assistants. In some cases there were Filipino parish priests, and Filipinos occasionally held higher

[1] Keane, Man Past and Present, p. 229.

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offices in the church. Whatever influence Spain had upon the masses of Filipinos during the three centuries and more of her rule was wielded principally through the friars. It was the friar alone who lived in touch with the people, it was he alone who understood the native dialects. He supervised the tilling of their soil and the harvesting of their crops. He was their teacher. It was to him they went for assistance when in need, for comfort when in trouble. He was their confessor and guide in spiritual matters, and all his acts carried with them that mystical religious sanction which an ignorant and superstitious people are wont to attribute to their priesthood.

The early friars, with few exceptions, appear to have been zealous and conscientious in their work, and to have accomplished much. The work of converting the natives progressed rapidly,[1] and by the end of the seventeenth century the islands are said to have become practically Christianized except for the Mohammedans of the southern islands and the pagan hill tribes of the interior.[2]

In referring to the rapid conversion of the Filipinos to Christianity, it should be noted that in many cases the substance of the old heathen religion was maintained under the forms and names of Christianity. Sinibaldo de Mas, the Spanish diplomat in the Orient, wrote in 1841:

> In disregard of the monks, the Indians secretly circumcise their children. The banyan tree is held sacred. They burn incense under it, which they obtain from the friars under various pretences. How strangely are the rites of idolatry mingled with Christian observance! "There is no driving out of them," says a *padre*, "the cursed belief that the spirits of their ancestors are in the woods and among the roots of bamboos, and that they can bring good or evil among them."[3]

Despite the persistence of these old religious ideas, and despite the other gross superstitions which permeated and continue to permeate the Christianity of the great majority of the

[1] Friar Ignacio writes in 1585 that according to the common opinion of his day there had been converted and baptized more than four hundred thousand souls. Blair and Robertson, The Philippine Islands, I, p. 40.

[2] Leroy, p. 119.

[3] *Ibid.*, pp. 127, 128.

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Filipinos, much progress was made, and for upwards of two centuries and a half, that is from about 1571 to the forepart of the nineteenth century, the friars, by their self-sacrifice and religious devotion to duty, exercised a potent and beneficent influence over the Filipino people. During that period they probably accomplished more in the direction of uplifting and civilizing a Malay people than was ever before accomplished in the world's history. In the year 1820 Crawfurd, "the historian of the Indian Archipelago, who lived at the court of the Sultan of Java as British resident," could say:

> Almost every other country of the [Indian] Archipelago is at this day, in point of wealth, power and civilization, in a worse state than when Europeans connected themselves with them three centuries back. The Philippines alone have improved in civilization, wealth and populousness. When discovered most of the tribes were a race of half-naked savages, inferior to all the great tribes who were pushing, at the same time, an active commerce, and enjoying a respectable share of the necessaries and comforts of a civilized state. Upon the whole, they are at present superior in almost everything to any of the other races [of the Archipelago.] [1]

The population of the islands is estimated to have increased about 300 per cent from 1591 to 1819.[2]

In bearing witness to the beneficent results of the work of the friars during this period we must not ignore its defects. The people were treated as children, not as men and women; they were taught to believe and to obey, not to think and depend upon themselves. The priest spoke with divine authority; to doubt him was sacrilege; to disobey him was sin; to criticize him was blasphemy. Such a training might make pious souls and prepare them for the world hereafter; it could not make self-reliant men and prepare them for self-government in this world. The French explorer, La Pérouse, writing in the latter part of the eighteenth century, sums up this phase of the friars' work in the following language:

> The only thought was to make Christians and never citizens. This

[1] Crawfurd, History of the Indian Archipelago, *etc.*, II, pp. 447, 448.

[2] Phil. Census, II, pp. 17, 18.

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people was divided into parishes, and subjected to the most minute and extravagant observances. Each fault, each sin, is still punished by the rod. Failure to attend prayers and mass has its fixed penalty, and punishment is administered to men and women at the door of the church by order of the pastor. . . . No liberty is enjoyed: inquisitors and monks watch the consciences; the oidors (judges of the Audiencia), all private affairs; the governor, the most innocent movements, . . . in fine, the most beautiful and charming country in the world is *certainly the last that a free man would choose to live in.*[1]

The moral character of the friars, their attitude toward the natives and the attitude of the natives toward them seem to have undergone important changes during the nineteenth century, and particularly during the latter part of the century. The changes were gradual, and due to a variety of causes which time will not permit a discussion of here. Sufficient to say that as the result of many gifts and bequests the monastic orders had become very wealthy[2] by the beginning of the nineteenth century, and, contemporaneously with this increase of wealth, the friars had become more and more jealous of their power.[3] They opposed the bringing-out of more secular clergy from Spain, and they fought bitterly all attempts to instal Filipino priests at the head of curacies.[4] In their jealousy of power they opposed the reform movements undertaken by the Spanish home government during the latter half of the century, and put numerous obstacles in the way of the education aud advancement of the masses.[5] There seems to be no question of the fact that during the nineteenth century the character of the friars greatly deteriorated. A large number of them broke all three of their monastic vows, their vow of poverty, their vow of chastity and their vow of obedience. They became possessed of large estates valued at many millions of dollars which they often used for their own individual benefit instead of for the advancement of the religious work of their orders. The vow

[1] Voyage de la Pérouse autour du monde (Paris, 1797), II, pp. 62, 350. Quoted by Blair and Robertson, I, pp. 77, 78. The italics are mine.

[2] Phil. Census, I, pp. 35, 344–346. [3] *Ibid.*, I, p. 34; III, p. 594.

[4] *Ibid.*, I, p. 34. [5] *Ibid.*, III, pp. 594, 595.

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of chastity was widely broken.[1] Frequently the friars refused to carry out the decrees of their superiors. Commissioner Tavera, in a recent article said,

> it was a common thing for the bishops to call attention to the fact that the papal bulls and cedulas of the king were alike ignored—and such was indeed the case whenever the provincial heads of the four monastic orders in Manila set their veto on the bulls or cedulas.[2]

The friars being the only Spaniards in close touch with the people throughout the islands, the only ones possessing a thorough knowledge of the native dialects, and the persons through whom the decrees of the church and state must, for the most part, be carried out, had the power to side-track any legislation to which they were opposed. During the latter part of the century they seem to have used this power with a vengeance. It is not intended to assert that during this period all the friars were immoral and abused their power: there were many notable exceptions to whom too much credit cannot be given for highminded devotion to duty in trying times. Such men, however, unfortunately appear to have been in the minority. The opposition to the friars on the part of the Filipinos became very strong during the latter half of the nineteenth century, and the insurrections during that period were directed more particularly against the friars than against the Spanish lay authorities.[3]

The first serious attempt on the part of the Spanish government to provide an adequate system of primary education for the Filipinos was made in 1863. Previous to that time

> primary education in the Philippines consisted, one may say with a rough approximation to fairness, of the catechism and the little instruction in the Philippine dialects which was necessary in order for the

[1] A Spaniard who has lived in the islands for upwards of twenty years, who is a well educated and conservative man, and a member of the Catholic church, once told the writer that in his opinion at least ninety per cent of the friars, during the latter days of the Spanish régime, were immoral.

[2] Phil. Census, I, p. 344.

[3] In the revolution of 1898, 40 friars were killed and 300 were imprisoned. *Ibid.*, I, p. 35.

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pupils to read the catechism and the few religious books that were translated into the dialects.[1]

In 1863 an elaborate scheme of secular primary education was adopted by Spain for the Philippines. It provided for the establishment of free public schools in all the villages of the Christianized parts of the islands. School attendance was to be made compulsory, and the curriculum was to include reading, writing, arithmetic, instruction in the Spanish language, history, agriculture and music.[2] By 1894 it is said that as many as 173 sets of official provisions regulating the public schools or otherwise relating to the education of the Filipinos had been passed. In few colonies could there have been found a better set of statutory laws and of administrative orders than in the Philippines during the latter years of the Spanish régime; in few, on the contrary, could there have been found a more corrupt and inefficient administration.

A comparatively small proportion of the children of the Islands attended the schools. Theoretically and according to law, secular public instruction was under the control of local school boards of a civil and lay character, and the friars were entrusted only with the supervision of religious instruction; practically the friars controlled the schools "in four towns out of five" and "managed everything about the schools to suit their own will, down almost to the last hours of Spanish rule."[3] Inadequate wages were paid to the teachers; and with few exceptions they were an inefficient lot. Most of the friars were opposed to the teaching of Spanish, fearing that it would result in emancipating the people from their control, and accordingly the much heralded primary instruction in Spanish was largely a farce. It is even said that teachers were "punished and threatened with deportation" for teaching Spanish, and in some cases actually deported.[4] Reading and writing were taught by means of the catechism; church dogma and the lives of the saints formed a prominent part of the instruction. Almost the only history taught was that of Spain, and that "under conventional

[1] Leroy, p. 202.
[2] Phil. Census, III, pp. 578 *et seq.*
[3] Leroy, p. 203.
[4] Phil. Census, III, p. 595.

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censorship." The instruction in practical agriculture is described "as a sorry farce."[1] Pupils studied aloud and commonly recited in unison. In a word, the elaborate scheme for primary education, as it was carried out, was calculated to make weak and submissive parishioners, not independent, thinking men and self-governing citizens. As late as September, 1905 (after the American public schools had been in operation in the islands for several years), the superintendent of education said: "Of the 7,000,000 Christianized inhabitants of the Philippines, at least 6,500,000 are helplessly illiterate," contemplating by literacy "at least enough knowledge of a written speech to read the simple language of a newspaper and to set down and accurately keep accounts."[2]

In a discussion of the historic preparation of the Filipino people for self-government only a word need be said on the subject of higher education. At best the university and the few secondary schools reached only an insignificant number of the Filipino people. Some excellent work was done by these schools, and particularly by the Philippine nautical school and by the Municipal Atheneum of Manila under the charge of the Jesuits. But with slight qualification it may be said that the instruction given in all these institutions, from the University of Santo Tomás down to the normal school at Manila, was scholastic in the extreme. Mediæval theology, church history and metaphysics were the all-important subjects; they determined the tone of the institutions. The Spanish engineer probably did not understate the facts when at the close of the eighteenth century, he confessed that "in the sciences Spain was a hundred years behind France, and that in Manila they were a hundred years behind Spain."[3] Commissioner Tavera recently declared:

From the first days of the Spanish sovereignty until its final termination

[1] Phil. Census, III, p. 639. [2] Rep. of Phil. Com., 1905, IV, p. 408 and note.

[3] *Cf.* Blair and Robertson, I, p. 78. As late as the middle of the nineteenth century, the Rector of the University of Santo Tomas, the only university in the Philippines, declared that "Medicine and the natural sciences are materialistic and impious studies." Leroy, p. 207.

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the object of all teaching appeared to be to avoid anything that was not genuinely Spanish and absolutely accepted by the traditional orthodoxy of the Catholic church. . . . All experimental science and all advances of the human mind in the line of independent thinking, which disregarded tradition and the influence of religious and empirical forms, were . . . anathema. [1]

In considering the preparation of a people for the exercise of self-government, the most important question to ask is: What has been their experience? For if political history teaches anything, it is that democracies develop slowly, and that capacity for self-government is only attained as the result of long training. Here, if nowhere else, people must learn to do by doing. What experience then in popular self-government did the Filipino people have during the three and a third centuries of Spanish rule?

There were three main divisions of the Philippine government during Spanish times. At the head was the central government with headquarters in Manila, presided over by a governor-general with vice-regal powers, having by his side the *Audiencia* or supreme court. The central government had a veto on the legislation of all inferior political units. The Filipino people had practically no part in the central government. Their small representation on the council of administration was ineffectual.[2] Below the central government came the provincial government. Each province was presided over by a Spanish official known as the alcalde, upon whom were imposed the combined duties of judge and governor down to the year 1886, when governors were appointed in eighteen provinces and the alcaldes were limited to the duties of judges. The governor was assisted by an advisory council, of which only a minority of the members were elected—" and these not by the people at large, but by the heads . . . . of the towns of the province.[3] The Filipino people therefore had little voice in the provincial government and exercised no control.

The character of the town government underwent several im-

[1] Phil. Census, I, p. 336.

[2] Schurman, J. G., Philippine Affairs, pp. 29–34.

[3] *Ibid.*, p. 30.

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portant changes during the Spanish régime. The town officials were, with few exceptions, Filipinos. For a long time petty governors (known as *gobernadorcillos*), were appointed to rule each town. These petty governors were simply the agents or tools of the provincial governors, or, more often, of the local friars. By the passage of the Maura law in 1893 the form of town government was changed, and additional power was extended to the Filipinos in local affairs. The municipal government under this reform law is thus described in the preliminary report of the Schurman Philippine Commission[1]:

> The municipal councils were . . . not bodies controlled by the people. In addition to constant inspection and directions from the provincial junta, every municipal council was liable to warning, admonition, fines and suspension at the hands of the governor of the province. And to make the control from above still more effective, the governor-general exercised jurisdiction over all the municipal tribunals, and was vested with power to discharge members or even the entire tribunal itself.
>
> Even when municipal government had been thus circumscribed the masses of people had no share in it. Suffrage was limited to the "principal people" of the town, and elections were indirect. The "principal people" were present and past office-holders and persons paying fifty dollars land tax. The "principal people" as thus constituted, elected by ballot twelve delegates, and these [delegates] elected the municipal tribunal, which . . . governed the town.

The little power which did belong to the people under this system was largely usurped by the local clergy; for "by custom, and subsequently by law, to the parish priest was given complete supervisory power over the municipal government of his town."[2] The political administration of the Philippines in Spanish times has been well characterized as "a sort of outer garment under which the living body is ecclesiastical."[3]

During the latter years of the Spanish régime the Filipino was not secure in the possession of his property. If he had anything that the friar or other Spanish officials wished, it was

[1] Pp. 182, 183.

[2] Phil. Census, I, p. 35.

[3] Blair and Robertson, I, p. 49.

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liable to be taken from him either in the guise of taxes, forced church contributions,[1] or in settlement of some trumped-up charge brought against him in the courts. He was accordingly deprived of the ordinary incentives to providence and thrift, and these virtues he has never developed. We must conclude, therefore, that in experience in self-government, as well as in education and in all the important civic virtues, the close of the nineteenth century found the masses of the Filipino people sadly lacking.

Fortunately the latter decades of the nineteenth century gave promise of better things. By the removal of many trade restrictions and by the opening of the Suez canal, the Filipinos were being brought into contact with the outside world. Filipino students began to study in Europe, and the intelligent classes came to appreciate more and more the backward condition of their country, and to chafe under the yoke of Spanish mediævalism. The revolts against Spain, or more correctly against the friars, in 1872 and 1896 bear witness to this awakening. A most eloquent testimony to it is found in the words of one of Rizal's characters, who says:

> The country is not the same to-day as it was twenty years ago . . . . If you do not see it, it is because you have not seen the former state, have not studied the effect of the immigration of Europeans, of the entrance of new books, and of the going of the young men to study in Europe. . . . The experimental sciences have already given their first fruits; it needs only time to perfect them. The lawyers of to-day are being trained in the new teachings of legal philosophy; some begin to shine in the midst of the shadows which surround our courts of justice, and point to a change in the course of affairs. . . . One may accompany the course of Progress in three ways, ahead of her, side by side with her, and behind her. . . . . Well now, we in the Philippines are traveling along at least three centuries behind the car of Progress; we are barely commencing to emerge from the Middle Ages. . . . The strife is on between the past, which cleaves and clings with curses to the waning feudal castle, and the future, whose song of triumph may be faintly heard off in the distant but splendrous glories of a dawn that is coming, bringing the message of Good News from other countries.[2]

[1] *Cf.* Foreman, The Philippine Islands, pp. 216–226; Leroy, pp. 151 *et seq.*

[2] Quoted from Rizal's Noli Me Tangere, by Leroy, pp. 210–213.

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Such then was the situation in the Philippines a short time prior to the American occupation. The Philippines came to us as an unexpected result of the Spanish war. What to do with them we did not know. Every suggested solution seemed to contain serious objections. We could not, in justice to the Filipino people, return the islands to Spain; such a course, moreover, would have been inconsistent with the declared humanitarian grounds upon which we waged the Spanish war. We could not give them independence, because the people were clearly not prepared for it. We could not establish a protectorate and give them internal autonomy, because existing tribal jealousies and political incapacity would have made internal disorder certain; and we could not assume responsibility for the protection of the lives and property of foreigners without at the same time holding the power to meet that responsibility. We could not sell the islands to another power, because public sentiment in the United States would not have countenanced it, and because the sale of the islands to a foreign power might well have caused international complications of a serious character. We could not assume the rôle of a benevolent despot and rule the country as England does her crown colonies, for, whatever might have been the merits of such a policy, it would have been contrary to our national traditions and sentiments and would not have been accepted with favor by the Filipino people. It was accordingly decided that the only practicable course, at all consistent with our national traditions and sentiments and with the ambitions of the Filipino people, was to assume control of the islands ourselves and to extend to their people the rights of self-government as rapidly as they should show their ability wisely to exercise them.

Before discussing the progress of the Filipino people toward self-government since the American occupation, a word will not be amiss concerning the much discussed subject of Filipino national sentiment. There have been three important forces favoring the development of such a sentiment. In the first place, the Filipino people nearly all belong to one ethnic stock: they are Malays. In the second place, they are nearly all believers in the same religion: over ninety per cent of the entire

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population are Christians. In the third place, the abuses of the friars and of the other Spanish officials during the latter part of the nineteenth century awakened among the different tribes of the islands a more or less common sentiment of opposition to Spain and in favor of independence. That sentiment in favor of independence grew during the insurrection against the United States and still strongly persists.

No one who has been in the Philippines any length of time can doubt for a moment that the Filipino people, however they may differ on other questions, are to-day overwhelmingly in favor of independence.[1] That fact was clearly shown in the recent Philippine election. There is no word which sounds so sweet to the Filipino's ear as the word *independencia*. To the masses of the people *independencia* is a magic thing which they do not understand but which they intensely want; it is a panacea for all evils, the secret of prosperity and the key to the millennium. Just what it is they do not know, but they know that they want it.[2] There is unquestionably at present a vague but developing sentiment of nationality. The obstacles in the way of the rapid development of such a sentiment are very great, although slowly disappearing.

In the United States we are accustomed to speak of the Filipino people as if they were one homogeneous people. One of the facts that impresses the average American most on traveling through the Philippines is the remarkable isolation of different sections of the islands and even of neighboring villages. At the time of the American occupation there were only about 120 miles of steam railroad in the entire archipelago —a country of about two and a half times the area of New York state. There are now about 200 miles in operation, and about 700 miles in process of construction. Facilities for steamship communication among the islands are very meager; there are few roads that can be used by vehicles and many of these cannot be used during more than eight months of the year.

[1] *Infra*, p. 72.

[2] *Cf.* Hearings before the Secretary of War and the Congressional Party, *etc.*; Manila, Aug. 29, 30, 1905; pp. 6–29.

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A surprisingly large number of different dialects is often spoken within a small range of territory. The recent census divides the native population into twenty-four different tribes of which sixteen are wild or savage tribes. The division is tentative and more or less arbitrary. Among the eight so-called civilized tribes there are several times that number of mutually unintelligible Malay dialects or sub-dialects. In 1904 the writer wished to send out a notice to all the people with reference to the new currency; the notice was printed in twenty-one different languages, dialects and sub-dialects, including two Arabic dialects, three varieties of the Bisayan dialect, and two varieties of the Bicol dialect. These circulars did not begin to cover all the dialects and sub-dialects of the islands. In a country where the people are geographically and intellectually so isolated as these facts imply, where there is no common language, literature or tradition, it is hardly necessary to say that any strong sentiment of nationality must develop slowly.

What have we done to prepare the people for self-government, and how have they responded to our efforts?

In a broad sense it may be said that nearly all of the many reforms the American government has brought about in the islands during the last nine years have been factors in the work of preparing the Filipinos for self-government. More specifically to that end, however, two lines of work were undertaken. The first was to educate the people through a system of free public schools, and the second was to train them directly by extending to them the powers of popular self-government as rapidly as they should prove themselves capable of wisely exercising them.

Hardly had the treaty of Paris been signed before the work of establishing free primary schools was begun. Soldiers in the volunteer army were at first detailed to the work of teaching. One of the four great administrative departments into which the Philippine civil government was divided was that of public instruction. It was early decided to establish primary schools throughout the islands, and to place within the reach of every Filipino child the privilege of a primary education. The elaborate plans adopted and now being carried into effect go

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much further than primary education. But that comes first, and it is upon that that the greatest emphasis is being placed. Space will not permit an outline of the history of this interesting feature of our work in the Philippines. Sufficient to say that, notwithstanding apparently insurmountable obstacles, much hostile criticism and a number of serious mistakes, an extensive and efficient public-school system is being rapidly established. The plan contemplates three years of primary instruction for all children in the Christian provinces between the ages of six and fifteen, this primary instruction to include three years of English, two years of arithmetic and one year of elementary geography. Supplementary to the primary instruction, all the important towns are to have intermediate schools, which will give three to four years more instruction in the common branches and some work in the natural sciences, as well as courses in agriculture and shop-work and courses for the girls in practical housekeeping. Above the intermediate schools there is to be a provincial high school in the capital of every province. There are also in Manila a normal school and a well-equipped trade school. A medical school has recently been established.[1] The plan is being rapidly put into operation.

How have the Filipinos responded to the public school privileges offered? Experience so far permits a most encouraging answer to this question. From the inauguration of the public school system the Filipinos have swarmed to the schools in such numbers that they could not be accommodated. Every year has shown a large gain in numbers, and recently it has been necessary to raise the age limit to prevent overcrowding. The enrolment in March, 1906, amounted to over 365,000 pupils. This body of pupils was under the instruction of over 800 American teachers and over 6000 native teachers. One of the most hopeful characteristics of the Filipino people is their ambition for an education. They are for the most part zealous and work hard. They are taking kindly to the work in agri-

[1] Act no. 1415 United States Philippine Commission (usually cited as Act 1415 U. S. P. C.).

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culture and the mechanic arts, despite their reputed aversion for manual labor.

A little learning, however, as might be expected, frequently gives them excessive self-confidence from which they do not seem readily to recover. There are not wanting many intelligent people in the islands who hold the opinion that it will require two or three generations before the newly acquired learning of the masses will be tempered by anything that we may call sanity of judgment on public questions.

Let us next consider the Filipino as a voter and as an office holder. The policy of the administration was recently described by Governor-General Smith as "the evolution of a government by Americans assisted by Filipinos into a government of Filipinos assisted by Americans, and the education and preparation of the people for popular self-government."[1] To that end the rights of suffrage have been rapidly extended, and preference has been shown to Filipinos in the filling of all public offices. The number of Filipinos in the civil service is large and increasing. It is true that the higher and more responsible positions are to a great extent filled by Americans, but it is the policy of the administration to place Filipinos in these positions as soon as they are found able to fill them.

A few words concerning the present organization of the government will be necessary in order to give an idea of the extent to which Filipinos participate. There are three spheres of government now, as in later Spanish times; the municipal or local government, the provincial government and the central government.

In the sphere of local government Filipino autonomy is almost complete. In 1906 over ninety-nine and a third per cent of all office-holders in the local government were Filipinos. The great majority of local officials are elective.[2] The government of each municipality[3] is "vested in a president, a vice-president and a municipal council", containing from eight to eighteen

[1] *Philippine Official Gazette*, IV (1906).

[2] Phil. Comm. Rep., 1906, I, p. 121.

[3] The municipal government is based upon the Philippine Municipal Code (act no. 82, U. S. P. C.) and its amendments.

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councillors according to the population of the municipality. Councillors hold office four years.[1] The suffrage in the Philippines is limited to male citizens twenty-three years of age or over, who can "speak, read and write English or Spanish," or who own real property to the value of $250, or who pay $15 or more in taxes, or who were office-holders above a certain rank during the Spanish régime.[2] The president is the chief administrative officer of the town and has limited judicial powers. Municipal finances are in the hands of a municipal treasurer appointed by the provincial treasurer, subject to the approval of the provincial board.[3] The principal judicial officer of the town is the local justice of the peace, who is appointed by the Philippine commission from a list of suitable persons, submitted, formerly by the provincial board, but since March 30, 1907, by the district judge of the court of first instance.[4]

It is in the municipal government that the capacity of the Filipino people for self-government can best be tested. Practically all local officials are Filipinos. The absolute number of local officials is large, amounting at the present time to 10,842.[5] In this sphere of government the Filipinos have had more experience both as voters and as office-holders than in any other.

How has Filipino local self-government succeeded? It is impossible to give a positive answer to this question. The available evidence is meager, and what there is, is often contradictory. Moreover, opinions of those in close touch with the situation frequently differ widely.

If in asking the question: Has Filipino local self-government succeeded? one means, has the right been exercised in such a way as to justify the policy of the administration in giving the people local autonomy, I believe the evidence justifies an affirmative answer; but only from the point of view of success as an educational measure, as an instrument in the work of preparing the people for popular self-government. If, on the other hand, it

[1] Until recently the term of office of municipal councillors was two years. *Cf.* Municipal Code, sec. 3, and act no. 1582 U. S. P. C., sec. 3.

[2] Act no. 1582, U. S. P. C., sec. 13. [3] Act no. 1681, U. S. P. C.

[4] Act no. 1627, U. S. P. C.

[5] Fifth Annual Report of the Executive Secretary, 1906, p. 98.

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is meant to ask whether experience has justified the frequent contention that the Filipino people are now capable of exercising an efficient popular self-government, I would answer emphatically, no; and in so doing I believe I am expressing the opinion of at least nine-tenths of the Americans and Europeans who have spent any considerable time in the islands. During the two and one-half years I was in the Philippines I never talked with an American or European resident of the islands who believed we were going too slowly. The almost universal opinion among them is that, if we are making any mistake, it is in extending to the people the privileges of self-government too rapidly. The Filipinos have undoubtedly, against severe odds, exercised the political privileges accorded them in the sphere of local government more satisfactorily than their hostile critics expected, and, what is more encouraging, *there are distinct signs of improvement.* In most municipalities the elections have been orderly, and a large number of the officials elected have been capable men. But, while freely granting this, the facts, I believe, force us to the conclusion that the present character of municipal government in the islands would be intolerable as a permanent situation.

The Spanish administration of the islands during the greater part of the nineteenth century was corrupt, from the central government in Manila to the local government in the municipalities, and the Filipinos were for generations given such lessons in political corruption that it is exceedingly difficult for the average native to believe that a government official can be free from graft. In fact he is altogether too liable to look upon graft in office as the normal and expected thing. The following facts and opinions, taken from official documents or from the writings of conservative men who are pro-Filipino in their sympathies, will support this conclusion.[1]

The three principal municipal officers are the municipal president, the municipal treasurer and the justice of the peace.

[1] In the interpretation of the figures that follow it should be born in mind that "for obvious reasons the Government has acted on the theory that Filipino officials ought not to be as yet . . . held up to the standards required of Americans." Fifth Annual Report of the Executive Secretary, 1906, p. 68.

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At the end of the year 1905 there were about 600 municipal presidents in the islands. During that year charges were brought against 122, and in 51 of these cases the presidents were found guilty. The four principal charges upon which convictions were made were, in the order of their importance: (1) neglect of duty, (2) abuse of position, (3) malversation and breaches of trust, (4) bribery and kindred crimes.[1] At the end of the year 1906 there were 678 municipal presidents in the islands. During that year charges were brought against 55; in 16 of these cases the presidents were found guilty, in seven not guilty, while in 32 the charges are classified as "filed without action by governor-general." The principal charges upon which convictions were made in 1906 were: (1) abuse of official position, (2) neglect of duties, (3) violations of law, (4) extortion.[2]

The official reports do not give the figures concerning municipal treasurers. It is a well-known fact, however, that there has been a large amount of peculation among these officials in recent years.

The supervisor of fiscals said in his report for 1904 concerning the native justices of the peace[3]:

> I have . . . referred to the incompetency and ignorance of many of the justices of the peace. Instead of "many" I could have said "most," and might even have employed a stronger term. . . . Sometimes, and only too frequently, in addition to their ignorance these justices are found to be either grossly dishonest or else under the influence of a sharp and tricky secretary . . . who from his superior education and intelligence, dominates the justice of the peace, exercises a strong influence and preys upon the wretched inhabitants of the community. With these men the motto in all too many cases is, "a public office is a public graft," and they prey upon the poor people of the country like wild beasts. . . . I trust I may not be charged with drawing too lurid a picture of this evil. My endeavor is to state only facts as they have come to my knowledge, not only during the last year, but in several years' previous experience in these Islands.

[1] Phil. Comm. Rep., 1905, I, pp. 101, 115.

[2] Fifth Annual Report of the Executive Secretary, 1906, pp. 93–95, 98.

[3] Phil. Comm. Rep., 1904, III, p. 415.

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Of the 620 justices of the peace in the islands in 1905, 124 resigned, and 29 were removed for cause. One hundred charges were proven against justices of the peace during the year 1905, of which 23 were for extortion, 17 for breaches of financial trusts, 12 for various kinds of "graft," and 39 for the common crimes of abusing power, including the malicious ordering of arrests. Only two charges of incapacity were proved.[1] In February, 1906, an act was passed reorganizing the justice of the peace system and since that time there has been a marked improvement in the character of the justices.[2] During the year 1906 there were 624 justices of the peace in the islands and charges were brought against only 47. Of this number, one was found not guilty, 12 were found guilty and action was suspended in the case of 34.[3]

The records show that, in 1903, 76 municipal officials (exclusive of municipal treasurers) were removed on charges. In 1904, the number increased to 79 and, in 1905, to 106.

The record for 1906, though not a bright one, shows distinct signs of improvement. During that year 212 municipal officials (exclusive of municipal treasurers) were tried. Of this number 51 were found not guilty, 69 were found guilty and action was suspended in the case of 92. Against these 212 persons 379 different charges were made; convictions were sustained in 148 charges, no action was taken in 165, while the officials were found not guilty in 66.[4]

An investigation made in 1906, by direction of the governor-general, of the municipal elections in the province of Oriental Negros, brought out the surprising fact that 92 out of the 157 councillors elected, or 59 per cent, lacked the legal qualifications for their offices. Each of the disqualified persons, however, had taken an oath of office in which he had solemnly sworn that he possessed the qualifications prescribed by law. There had been no protests against the election of these dis-

[1] Phil. Comm. Rep., 1905, I, pp. 114 *et seq.*

[2] *Ibid.*, 1906, I, pp. 57, 107, 108.

[3] Fifth Annual Report of the Executive Secretary, 1906, pp. 93–95, 98.

[4] *Ibid.*, pp. 93–95.

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qualified persons, and in every case the election had been confirmed by the provincial board.[1]

When we pass from the local government to provincial and central government the evidence concerning the present political capacity of the Filipinos is fortunately more favorable.

The provincial government of each of the 37 provinces is in charge of a provincial board consisting of three members: (1) the provincial governor, who in the Christian provinces is regularly a Filipino,[2] and who is elected every two years by popular suffrage[3] at the same time that delegates to the Philippine Assembly are elected; (2) the provincial treasurer, who at present, in every case, is an American, and who is appointed by the governor-general with the consent of the Philippine Commission; (3) the third member, who was until recently an American appointive officer,[4] but who in the future is to be a Filipino elected by popular suffrage at the regular biennial elections. The provincial board in the civilized provinces will accordingly henceforward consist of two Filipinos and one American. Most of the other provincial officers are Filipinos. They held 75 per cent of the provincial offices in 1906.[5] The positions are largely appointive, under the examination requirements of the Philippine civil-service law.

[1] Fifth Annual Report of the Executive Secretary, 1906, pp. 67, 68. The Executive Secretary referring to the above situation says that it "can be explained only on the ground of dense ignorance, gross negligence, or wilful and deliberate perjury. The provincial board (which investigated the situation) ascribes it to negligence. . . . In a province where such negligence abounds, it is difficult to understand how good autonomous government can be expected. This disgraceful condition of affairs . . . naturally brings up the question whether like conditions exist in still other provinces, or whether the trouble is merely local. I am unable to answer the question for lack of data, but it certainly was not local in Oriental Negros."

[2] In 1906, 29 of the 38 provincial governors in the Islands were Filipinos, and 9 were Americans. The number of provinces was reduced to 37 on July 2, 1907, by the annexing of Romblou to Capiz. *Philippine Official Gazette*, V (1907), pp. 401, 402.

[3] Until the law of January 9, 1907, elective provincial governors were elected by the members of the various town councils of their respective provinces.

[4] Originally the third member was the provincial supervisor, a civil engineer. When the position of supervisor was abolished, the position of third member was usually given to the district superintendent of schools.

[5] Fifth Ann. Rep. of Exec. Sec., 1906, p. 97.

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Opinions differ widely as to the ability of the average Filipino provincial governor, until recently the only elective official of importance in the provincial government. The powers of the governors have heretofore been so circumscribed by the two American members of the provincial board that it is impossible to pass a very definite judgment concerning their efficiency. Many of them are respected everywhere for integrity and ability; unfortunately some of them are not. There has undoubtedly been a large amount of corruption in connection with gubernatorial elections. Of the 32 provincial governors elected in 1903, the elections of 13 were contested. Twelve of these were subsequently confirmed by the civil governor on the ground, that although "in a number of the cases, . . . grave irregularities" existed, the evidence offered was not such as to show that they altered the results.[1] The elections of 15 of the 29 provincial governors elected in 1905 were contested "upon various grounds, such as alleged purchase of votes, coercion and intimidation of voters, allowing unqualified persons to vote, and the use of marked ballots." The governor-general reported that "all the regular elections" were confirmed but two.[2]

The number of removals and resignations at request or under charges, of provincial officials in 1903 was 15, in 1904 it was 12 (for thirteen months), in 1905 it was six and in 1906 it was only one.[3]

Now that the municipal and provincial governments have been considered, let us pass to the central government. The chief executive of the Philippine Islands is an American governor-general appointed by the president of the United States with the consent of the Senate. There are four large administrative departments, each presided over by a secretary. The departments are highly centralized, and all the secretaries are Americans appointed by the president of the United States, with the consent of the Senate. A large and increasing proportion of the officers and clerks employed in the various departments are Filipinos.

[1] Phil. Comm. Rep., 1904, I, 36. [2] *Ibid.*, 1906, I, pp. 81, 116–120.

[3] Fifth Ann. Rep. of Exec. Secretary, p. 32. The above figures include a few Americans.

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The judiciary of the central government consists of a supreme court of seven members appointed by the president of the United States, a court of land registration, and fifteen district courts. Three of the seven judges of the supreme court, including the chief justice, are Filipinos, as likewise is the judge of the court of land registration, and ten of the twenty-two judges of the court of first instance.[1]

The more important Filipino officials in the executive and judicial departments of the central government, as well as the Filipino members of the Commission, are almost without exception honest and capable men who hold the respect of the entire community. These men, however, can hardly be considered as proof of the political capacity of the Filipino people, and that for three reasons: (1) they are very few in number, (2) they have been appointed and not elected, (3) a large proportion of them are not of pure Filipino blood.

The central legislative body is composed of two houses: (1) the upper house or the Philippine Commission, consisting of the governor-general, the four American secretaries of departments, and three Filipinos, all appointed by the president of the United States; and (2) the lower house or Philippine Assembly, for which elections were held on July 30, 1907,[2] and which convened for the first time on October 16. The Assembly consists of 80 members, elected by popular suffrage[3] and "apportioned . . . among the provinces as nearly as practicable according to population." A delegate's term of office is two years. The Assembly possesses coördinate legislative powers with the Philippine Commission.[4]

[1] *Philippine Official Gazette*, V (1907), pp. 471, 472.

[2] *Cf.* act no. 1582 U. S. P. C., entitled "An act to provide for the holding of elections in the Philippine Islands, for the organization of the Philippine assembly, and for other purposes," passed January 9, 1907. *Philippine Official Gazette*, V (1907), pp. 109–122.

[3] The suffrage qualifications are the same as those for electors in municipal elections. *Supra*, p. 65.

[4] Provision is made in the act of Congress, approved July 1, 1902 (sec. 7): "That if at the termination of any session the appropriations necessary for the support of the Government shall not have been made, an amount equal to the sums appropriated in the last appropriation bills for such purposes shall be deemed to be appropriated; and until the Legislature shall act in such behalf the Treasurer may, with the advice of the Governor, make the payments necessary for the purposes aforesaid."

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The campaign preceding the election of July 30 was an intense one. It was characterized by brass bands, bonfires, and political oratory of a type that would have made our revolutionary fathers envious. Party feeling ran high, and the political boss[1] was a dominant factor in the election. The electors made up in enthusiasm what they lacked in numbers, for the number qualifying as electors was very small, and the total number of voters was only about one and one-fourth per cent of the 7,000,000 odd Christian population. The three principal parties were the Nationalistas, the Independientes and the Progresistas. The first two parties, favoring immediate independence, elected 64 of the 80 assemblymen, while the Progresistas, the survivors of the old Federal party, favoring the present status with a promise of ultimate independence, elected but 16.

An election so overwhelmingly in favor of the parties pledged to seeking immediate independence naturally fanned for the moment the smouldering embers of the insurrection. A few enthusiasts lost their heads, publicly paraded the *katipunan*, the flag of the insurrection, and insulted the American flag.

These and other similar excesses aroused the better classes of Americans throughout the islands. The commission passed an amendment strengthening the sedition law,[2] and enacted a law penalizing the public display of insurrection flags and paraphernalia.[3] A large patriotic mass meeting of Americans was held in Manila on August 23 to protest against the insults to which the American flag and the American name has been subjected.

The Philippine assembly was convened October 16 by Secretary Taft. It would be premature to pass judgment with

[1] Philippine elections have from the beginning been largely controlled by bosses known as caciques. "The cacique," as recently defined by Judge L. R. Wilfley, formerly attorney-general of the Philippines, "is usually the natural leader of the community, and exercises power by reason of natural cleverness, or by reason of local religious or political conditions." Caciquism is an old Malay institution, and "it is safe to assert that the rule of the cacique is one of the most prolific sources of oppression, discontent and disorder in the islands." Dr. David P. Barrows said in 1903 (Phil. Census Rep., III, p. 647): "The race lends itself naturally and without protest to the blind leadership and cruel oppression of the aristocracy."

[2] Act. no. 1692 U. S. P. C.

[3] Act no. 1696 U. S. P. C.

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reference to that body at this time. The post-election storm has subsided. Secretary Taft was received enthusiastically by all parties, and there are not wanting hopeful signs of a better feeling in the near future than has existed in the past.

In conclusion, I believe we can say that our experience in the Philippines so far but emphasizes the truth of the commonplace principles, that a people cannot suddenly break with their past, that democracies are evolved not made, and that capacity for self-government is not like Jonah's gourd, the growth of a day, but is a sturdy plant of slow growth, and that only in the soil of experience. The most successful self-government in the world to-day is probably that of the Anglo Saxon races; but eleven centuries elapsed between the time when Tacitus described the democratic assemblies of our Germanic forefathers, and the time when King John gave to the English barons the great charter of English liberties; nearly six centuries more elapsed before the ratification of the American constitution. It was but three centuries to the battle of Manila Bay from the time that the early Spanish missionaries described the patriarchal institutions of the primitive Filipino people who were then just emerging from barbarism. During those three centuries of Spanish tutelage the Filipinos were converted to a mediæval form of Christianity and attained a certain degree of civilization—a civilization higher in fact than that of any other Malay people. But whatever may have been the merits of Spanish tutelage—and it had many—it was not of a character to develop ability for popular self-government. It developed dependent children, not independent citizens. During the last half century or more of Spanish control the government was corrupt and the friars were false to their duty. Several decades before the American occupation there were distinct signs of a Filipino awakening, and the more intelligent classes began to seek better things. It was not, however, until the close of the century that the Filipino people began to receive any real training in the exercise of self-government.

Nature has decreed that political evolution shall proceed slowly, and, to quote the striking words of a recent writer: "What was decided among the prehistoric protozoa cannot be

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annulled by act of parliament."[1] Still it is true that the progress of political evolution, as well as of biologic, can be greatly expedited and to a large extent directed by the creation of a favorable environment and by the mechanism of artificial selection. Fortunately the Filipinos are not pioneers in the field of popular self-government, as were our Germanic forefathers; they have the benefit of the world's experience and the guidance of a benevolent nation.

The Filipinos, however, are still deficient (as they were when Legaspi first described them) in those moral qualities which are the foundation stones of popular self-government. The masses of the Filipino people have yet to learn the lessons of political honesty, of thrift and of self-reliance; they have yet to learn that political office is a public trust. Possibly the United States is not the best teacher of this lesson; it must be learned none the less. They have yet to learn that mutual concession, the graceful yielding of the minority to the will of the majority and respect for the rights of others are essentials of successful democracy. Not until they have developed these homely civic virtues can they expect to have an efficient self-government. Intellectual education is an important factor in capacity for self-government; it is not however the only one, nor the one most difficult to develop. The great work now before the Filipino people is the development of these sturdy civic virtues. It is at best a herculean task for a Malay people, living in the tropics, with the historic training of the Filipinos. They must not expect to accomplish it in a day.

E. W. KEMMERER.

CORNELL UNIVERSITY, October, 1907.

[1] Geddes and Thompson, Evolution of Sex, p. 267.

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THE EARLY ENGLISH COLONIAL MOVEMENT. I.

THE expansion of England in the seventeenth century was not the result of isolated or fortuitous circumstances, but, like all great historical developments, it was intimately connected with the main currents of the world's political evolution. In one of its broadest phases, the colonial movement was an episode in the perennial conflict between the two antithetical extremes, East and West. The original aim had been to enter into direct commercial relations with the Far East and even to acquire possessions in those semi-legendary lands of fabulous riches. In a somewhat narrower aspect, English expansion in America formed part of the Protestant Revolt, in so far as it sprang from opposition to the efforts of Philip II, as leader of the Counter-Reformation, to bring England again within the Catholic fold. From an even more restricted viewpoint, the movement was intimately connected with the politico-religious controversies of seventeenth-century England, when were established those fundamental principles upon which are based, not only the present constitutions of Great Britain and of the United States, but also the political civilization of the entire western world. Disregarding these broader aspects of the subject, it is intended merely to examine the contemporary ideas underlying the colonial movement, with the especial object of discovering what advantages England expected to derive from transmarine possessions.

As man was the agent, a movement so extensive in scope as was the expansion of England was necessarily complex in its nature, corresponding to the manifold intricacy of both individual and social psychology. For every historical development presents two distinct aspects from which it must be viewed—that of the man personally engaged therein, and that of the group supporting and superintending it. The movement under consideration must therefore be regarded both from the attitude of the individuals actually carrying on the work of settlement, and from the viewpoint of the organized body poli-

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tic that encouraged and directed it. An analysis of the different sets of motives operating in these two separate fields of action is essential to a full understanding of the early English colonial movement. The former gives an insight into the actual process of colonization; the latter explains the nature of the control exercised by the parent community and gives the clue that explains its colonial policy. It is chiefly upon this latter phase that attention will be concentrated.

In order to acquire a clear understanding of English colonial policy, it is above all essential to know why the state encouraged colonization, and what compensating advantages it expected to derive from American possessions in return for the responsibilities it assumed in sanctioning the movement. To the extent that the colonization of America was an act of the English state, it was fundamentally an economic movement. But naturally it was not solely economic in nature, for no extensive development can be reduced to so simple a category. Yet in the case of all movements influenced by a number of motives, one is always the prime cause without which the others would have proven ineffective, and the movement, if conceived at all, would have been abortive. Such subsidiary motives were, however, potent contributing factors, leading to unanimity in the body politic, and hence to well-directed, unhampered efforts by the government, and so to successful action. Consequently, before entering upon an analysis of the underlying economic ideas, it will be advisable to examine some of these subsidiary motives.

The bitter conflict between Spain and England that occupied the reign of Elizabeth directed the attention of Englishmen to America. They gradually realized that Philip II's power rested ultimately upon the stream of wealth that flowed into his coffers from the mines of New Spain, and that America was the main bulwark of the cause of the Counter-Reformation. Thus, in 1583, Sir George Peckham, one of the leading spirits in the colonial movement, drew attention to the great riches Spain was deriving from America, and sought to awaken his countrymen "out of that drowsie dreame wherein we have so long slumbered," in order that they might colonize America, because by

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so doing they would strengthen England and correspondingly weaken her inveterate enemy.[1] Likewise, in the following year, Richard Hakluyt pointed out that Spain's monopoly of the resources of America was dangerous to Europe, and that the adoption of a policy of expansion by England would curb Philip II's power.[2] These men and their associates realized that English national autonomy could be made more secure by the creation of a colonial empire in America.

This idea led to no permanent results at the time, but it persisted during the era of actual settlement, despite the fact that James I had concluded peace with Spain. The Elizabethan tradition retained its popularity, and Spain continued to be the arch-enemy with whom war seemed more natural than peaceful relations. At the time of Virginia's settlement, it was urged that the colony could furnish a place of retreat for English ships in the event of such a war.[3] Similarly the London Company, in its ill-fated petition of 1624 to the House of Commons, said that one of the objects held in view when the colony was founded, was the "inestimable advantadge, that would be gayned to this state of England in case of Warr both for the easie assaultinge of the Spanyards West Indies, from those parts, and for the relievinge and succouringe of all Shipps and men of Warr that should goe on Reprysalls."[4] The idea of attacking the Spanish West Indies was a very popular one,[5] and in 1637 it was even asserted that there was no other advantageous way to make war upon the king of Spain.[6] The realization of the fact that the colonization of America was an indirect attack on Spain, which would strengthen the cause of Protestantism, was

[1] Hakluyt, VIII, pp. 95, 96.

[2] Hakluyt, Discourse concerning Western Planting, pp. 45, 52 *et passim*. Maine Hist. Soc. Coll., series ii, vol. ii.

[3] William Strachey, about 1612. Brown, Genesis, II, p. 562.

[4] Virginia Co. (ed. Kingsbury), II, p. 526; London Co. (ed. Robinson and Brock), II, p. 265.

[5] *Cf. e. g.* Sir Charles Cornwallis, A Discourse of the most Illustrious Prince, *Henry*, late Prince of *Wales*. (London, 1641). This was written in 1626. Harleian Misc., IV, p. 322.

[6] Cal. Col., 1574–1660, p. 257, no. 61.

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unquestionably influential in gaining national support for an imperialistic policy, but at most it was only a minor factor in inducing the government of the first two Stuarts to support the movement.

Another determining element which brought to the support of the colonizing movement a large group of persons, to whom neither the anti-Spanish or national argument nor the purely economic view would have especially appealed, was the religious interest evoked by the prospective conversion of the savages to Christianity. Hakluyt,[1] Peckham[2] and Carleill,[3] all conspicuous figures in the work of expansion, laid stress on the probable extension of Christianity through the conversion of the Indians. At various times the Virginia Company and its supporters asserted that this was one of the chief aims of the enterprise.[4] This argument was even more frequently advanced by Puritan writers. The spread of the gospel was stated by the Massachusetts Bay Company to be its chief purpose in founding the colony;[5] and one of its prominent supporters, Emanuel Downing, claimed that the majority of the settlers went "to transport the gospell to those heathen that never heard thereof."[6] It

[1] Hakluyt, Discourse, p. 7.

[2] Hakluyt, VIII, pp. 97 *et seq.* [3] *Ibid.*, p. 143.

[4] 1610, in Brown, Genesis, I, p. 339; 1624, in Virginia Co., II, p. 525, and London Co., II, pp. 263, 264. The author of Nova Britannia, a famous pamphlet published in 1609 in support of the Virginia enterprise, claimed that on the one hand it would spread the kingdom of God, and on the other that it would prove very advantageous to the nation. Force, I, no. 6, pp. 6, 7. Captain John Smith also pointed out that "the gaining Provinces addeth to the Kings Crown: but the reducing Heathen people to civilitie and true Religion, bringeth honour to the King of Heaven." Smith, Travels (ed. 1907), I, p. xxv. See also Smith's statement in Purchas, XVIII, pp. 437, 438, and Virginia's Verger, *ibid.*, XIX, pp. 222, 230, 231, 237.

[5] On April 17, 1629, the Massachusetts Bay Company wrote to the governor and council in the colony that as 'the propagating of the gosp^le^ is the thing (wee) doe profess aboue all to bee o^r^ ayme in settling this plantation, wee haue bin carefull to make plentyfull provision of godly ministers.' Col. Records of Mass., I, p. 386.

[6] Downing to Secretary Coke, December 12, 1633: 'This plantation and that of Virginia went not forth upon the same reasons nor for the same end, those of Virginia went only for profitt . . . these went upon 2 other designes some to satisfie theire owne curiosity in poynt of conscience, others w^ch^ was more generall to transport the gospell.' Coke MSS., owned by Lord Walter T. Kerr, and located at Melbourne Hall, Derbyshire, England.

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was asserted in a conspicuously able Puritan pamphlet, published in 1630, that "it hath beene manifested that the most eminent and desirable end of planting Colonies, is the propogation of Religion."[1] Its author went even further, and used the argument that nowadays is frequently advanced to justify tropical colonization and is succinctly summed up in the phrase, "the white man's burden," to vindicate the Puritan colony's attitude toward the Indians. He claimed that "the greatest advantage must needes come unto the Natives themselves," whom we shall teach providence and industry.[2]

Though this religious motive figured very prominently in the writings of the day—the spread of Christianity is specifically mentioned as one of the objects in view in nearly all the colonial charters from that of Gilbert on—yet it cannot be considered as one of the underlying causes of the movement. While superficially prominent, fundamentally the idea was subordinate. The individual who settled in America was primarily interested in gaining what was at best a precarious livelihood; the colonizing companies were mainly intent upon earning some return on their capital;[3] and the government was not, except possibly to a very minor degree, influenced by the prospective conversion of the aborigines. Yet this motive was unquestionably a contributing factor, not only in bringing to the support of the movement many to whom otherwise it would not have appealed, but also in giving that ethical basis to the work without which it is impossible for the Anglo-Saxon to exert himself to the fullest degree.

There was also a strong political motive for the movement, for then, as well as now, increased area and population were considered as strengthening the state: directly, by adding to its power and resources, and indirectly, by enhancing its pres-

[1] The Planters Plea, in Force, II, no. 3, ch. i, p. 12. [2] *Ibid.*, ch. iv, p. 15.

[3] In his well-known sermon, preached before the London Company in 1610, Crashaw dwelt on the general apathy shown toward the enterprise, and attributed it to the absence of present profit. "Tell them," he said, "of getting XX. in the C. [20 per cent]. Oh how they bite at it, oh how it stirres them! But tell them of planting a Church, of converting 10.000. soules to God, they are senselesse as Stones: they stirre no more then if men spoke of toies and trifles." Brown, Genesis, I, p. 360.

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tige and standing. Thus, in 1638, Sir Ferdinando Gorges wrote to Secretary Windebank urging the expediency of "supportinge forreigne plantacons," on the ground that "nothinge adds more glorie and greatnesse to anie nation, then the enlargement of theire Territories the multiplyinge of their subjects." On more exhaustive analysis this motive will, however, appear to be chiefly economic in its nature.[1]

These motives—the desire to weaken Spain, to spread the Christian religion, to increase England's power and prestige through additional dominions—were all contributing factors conducive to well-directed action, but they were not the essentially causative influences back of English expansion. From the standpoint of the state, as opposed to that of the emigrating individual, the colonizing movement was essentially an economic one. In sanctioning the settlement of America, the English government assumed concrete and definite responsibilities, and expected that in return certain compensating advantages would accrue to the parent community. These advantages were chiefly economic and are to be considered under two categories. In the first place, the movement must be considered in its relation to social conditions in England, especially in connection with the current views about the size of its population. In the second place, it will be necessary to examine the prevailing economic theory of colonization.

I. *Emigration and overpopulation*

Although English colonization in the early seventeenth century was mainly directed toward regions with an indigenous population, it did not take the form of political domination and economic exploitation of subject peoples, but implied the transfer of a comparatively large number of Englishmen from the mother country to the dependent communities. The nature of the movement and the origins of English colonial policy cannot

[1] Thus Gorges went on to say that additional territory and population would result in an "increase of Trade and Commerce; which alwaies bringes wth it encrease of shippinge and mariners; matters, this kingdome of all others hath most reason to be carefull of, in that, our safetie doth much consiste therein." Baxter, Gorges III, pp. 287-291.

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be understood without an analysis both of the conditions causing this dislocation of population and also of the attitude of the government toward it.

The subject is of no inconsiderable importance, for this is one of the factors that determine the policy of the metropolis toward the colony. If a state needs additional territory for its increasing numbers, a status of economic inferiority for the colony is of doubtful expediency and of questionable justice. For if in any case there is to be emigration, the mother country derives a distinct benefit from territorial expansion in not losing the allegiance of her departing subjects.[1] But if, on the other hand, the state has no surplus population and is called upon to protect the dependency, then the mother country must in her own interest seek some means of deriving from the colony compensating advantages, such as exclusive privileges in trade. Otherwise the parent state would be in a stronger position without the burdensome responsibilities arising from the possession of dependencies.[2]

The former condition prevails in the modern British Empire, and has existed ever since the industrial revolution transformed the social structure of Great Britain and made it a predominantly manufacturing community. A rapidly expanding population confined within a limited area has overflowed into the colonies and into foreign countries. Hence it has been in the direct interest of Great Britain to favor colonization, as otherwise the emigrants would lose their nationality and would thus negatively or relatively, if not positively or actually, weaken the mother country. It is patent that, if those emigrating did not leave the limits of the empire, the strength of Great Britain would be less impaired than if they gave up their allegiance and aided in building up the life of a foreign and rival political aggregate. Consequently, under such conditions, the commercial relations of colony and metropolis have been left

[1] Even at this time, Sir Ferdinando Gorges pointed out that one advantage derived from New England, despite its independent spirit, was that otherwise those emigrating there might have settled in foreign states to the prejudice of England's manufacturing interests. Gorges, A Briefe Narration (London, 1658), p. 63. Maine Hist. Soc. Coll., series i, vol. ii.

[2] *Cf.* Fortrey, England's Interest and Improvement (Cambridge, 1663), p. 39.

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unrestricted, because in return for protection the dependency performs a distinct service. This service is passive and implies no sacrifice, while that of the mother country is active and necessitates the assumption of many onerous burdens by the British taxpayer.

Prior to the completion of the industrial revolution, diametrically opposite conditions prevailed. During the two centuries reaching back from that date to about the Restoration in 1660, England had no surplus population. During this long period, emigration from England to America, even though it was of slight dimensions, was viewed with great alarm. The prolonged duel with France emphasized the comparative smallness of England's population, even adding thereto that of Scotland and of Ireland. Thus, in 1670, a well-known economic and political writer, Roger Coke, said that "Ireland and our Plantations, do in proportion to England more exhaust it of men, than the West-Indies do Spain;" and that, while Spain gained new subjects in her colonies, "we in our Plantations wholly people them from our selves." Coke maintained that England's existing military inferiority to France was due to this emigration, and he pointed out that before the era of colonization England had usually been successful in her wars against France and Scotland.[1] Finally, he said that "Ireland and our Plantations Rob us of all the growing Youth and Industry of the Nation, whereby it becomes week and feeble, and the Strength, as well as Trade, becomes decayed and diminished."[2] So general was this view that, in 1689, the representatives of Barbados, then the richest of English colonies, felt called upon to answer the current accusation that America was weakening England. They pointed out that the population of any country depends upon its economic productivity, and said, "'tis strange we should be thought to diminish the People of England, when we do so much increase the Employments" on which the size of its population depends.[3] However valid this argument may be, at

[1] Roger Coke, A Discourse of Trade (London, 1670), pp. 12, 13. [2] *Ibid.*, p. 46.

[3] The Groans of the Plantations (London, 1689), pp. 29 *et seq.* In 1663, one of the prominent early English economic writers even advocated the encouragement of immigration into England because "people and plenty are commonly the begetters the one of the other." Samuel Fortrey, *op. cit.* pp. 4–13.

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the time it was not convincing. From about 1660 on, colonies, in so far as they decreased the population of the mother country, were looked upon as sources of weakness. Consequently, if England assumed the heavy responsibilities incidental to the establishment of a colonial empire, counterbalancing advantages must be derived in some other way. This fact to a great extent accounts for the old colonial system, whose aim was to develop English industry and trade by creating a self-sufficient commercial empire in which the colonies were to supplement the economic activities of the mother country.

In the first half of the seventeenth century, when was laid the basis of the British Empire, and when were somewhat tentatively inaugurated those principles regulating colonial trade that later crystallized in the colonial system, the attitude toward emigration was similar to that of modern England. There prevailed in general the impression that England was too densely populated, and that additional territory was necessary to support her surplus numbers. Thus Malynes,[1] one of the few economic writers of the day whose name is deservedly not quite forgotten, treated colonization and population as integrally related topics, favoring the former as a remedy for the existing excess in the latter. Anticipating Malthus, he pointed out that "unless the three great Impostumes of the World, namely Wars, Famine, and Pestilence, do purge that great Body, all Kingdoms and Countreys become very populous, and Men can hardly live in quiet, or without danger." Though Malynes greatly overestimated the actual population of England, his view as to its superabundance was the general one. Even his bitter antagonist, Misselden, agreed with him. "If the people of this Kingdome were numbered from *Dan* to *Bersheba*, I am perswaded," Misselden wrote, "there were neuer more people, neuer lesse employment: neuer more Idlenes, neuer so much Excesse."[2] This writer drew a dark picture of England's industrial condition, claiming that the imports exceeded the

[1] Gerard de Malynes, Consuetudo, vel Lex Mercatoria, or the Ancient Law Merchant (3d ed., London, 1686), pp. 164–169. The first edition was published in 1622.

[2] Misselden, Circle of Commerce or The Ballance of Trade (London, 1623), p. 133.

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exports; and he asserted that "the *Poore* sterue in the streets for want of labour."[1]

Naturally, those interested in the colonial movement and desirous of seeing it succeed, freely used the argument that colonization would remedy both the congested state of England and also the economic and social evils resulting therefrom. Thus, in 1576, Sir Humphrey Gilbert, in the course of his discourse on the northwest passage to the East, said: "Also we might inhabite some part of those countryes, and settle there such needy people of our countrey, which now trouble the commonwealth, and through want here at home are inforced to commit outragious offences, whereby they are dayly consumed with the gallowes."[2] According to him, one of the chief benefits arising from colonization would be the greater employment of the poor in England. Similarly Sir George Peckham, who was closely associated with Gilbert in the work of exploration, favored colonization as a means of increasing English trade and of thus giving greater employment to the poor at home, who "doe now live here idlely to the common annoy of the whole state."[3] Another of the pioneers in the colonial movement, Christopher Carleill, the son-in-law of Sir Francis Washington, advanced the same views. In 1583 he asserted that, on account of the long period of peace, England's population had greatly increased, and that such a colony would be a boon to "our poore sort of people, which are very many amongst us, living altogether unprofitable, and often times to the great disquiet of the better sort."[4] The following year Richard Hakluyt, the enthusiastic supporter of maritime enterprise, pointed out that there were many unemployed and many vagabonds in England, and that as a consequence of the absence of wars and plagues, "wee are growen more populous than ever heretofore"; from which, he added, resulted severe competition for a livelihood, as well as crime and idleness. If the colonization of America were undertaken, Hakluyt said, "these pety theves mighte be condempned for certen yeres in the western partes," where they could pro-

[1] Misselden, Circle of Commerce or The Ballance of Trade (London, 1623), p. 132.
[2] Hakluyt, VII, p. 286.
[3] *Ibid.*, VIII, pp. 111, 112.
[4] *Ibid.*, VIII, p. 143.

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duce useful commodities.[1] Finally, Sir Ferdinando Gorges, who though of a later generation, ranks with Gilbert, Peckham, Carleill and Hakluyt as one of the leaders in the work of expansion, wrote to Salisbury in 1611 about the activity of the English pirates in the Channel, pointing out that "this peaceable tymes affords no meanies of employments, to the Multitude of people that daylie doe increase, and manie ar inforced (by necessitie) to seeke some wayes, to sustaine themselves," and consequently have turned to piracy. "To meete w^th^ these necessities," he pointed out, "the Ages past hath employed great cost in the planting of Colonies in barbarous and uninhabited partes of the world to the great honor of these Prynces."[2]

Such views were frequently expressed, after the work of colonization had actually commenced, and were conspicuously used in gaining support for the Virginia enterprise.[3] With this object in view there was published in 1609 an able pamphlet entitled *Nova Britannia*. The author thereof pointed out that two things were necessary for the success of the colony—money and people. As regards the latter he had no misgivings, as England had "swarmes of idle persons, which hauing no meanes of labour to relieue their misery, doe likewise swarme in lewd and naughtie practices." England, he argued, had a superabundant population and, like the Goths and Vandals, should encourage emigration; "so that you see it is no new thing, but most profitable for our State, to rid our multitudes of such as lie at home, pestering the land with pestilence and penury, and infecting one another with vice and villanie worse than the plague it selfe."[4] In another pamphlet, published in the same year,[5] the colonization of Virginia was urged because

[1] Hakluyt, Discourse, pp. 36, 37. [2] Baxter, Gorges, III, pp. 171–173.

[3] See, *e. g.*, Richard Crakanthorpe's sermon of 1609, in Brown, Genesis, I, p. 256. He speaks of "the great and manifold benefits which may accrue to this our so populous a nation, by planting an English colony in a territory as large and spacious almost as is England."

[4] Nova Britannia, p. 19. Force Tracts, I, no. 6.

[5] Robert Gray, A Good Speed to Virginia (London, 1609), p. 10. Brown, Genesis, I, p. 298.

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there is nothing more dangerous for the estate of Commonwealths, than when the people do increase to a greater multitude and number than may justly paralell with the largenesse of the place and Countrey: for hereupon comes oppression, and diverse kindes of wrongs, mutinies, sedition, commotion and rebellion, scarcitie, dearth, povertie, and sundrie sorts of calamities, which either breed the conversion, or eversion, of cities and commonwealths.[1]

The company that undertook the settlement of Virginia also insisted, officially and unofficially, on the benefit that would in this manner accrue to England. In 1610 it was said, with the sanction of the officers of the company, that one of its purposes was "transporting the rancknesse and multitude of increase in our people; of which there is left no vent, but age; and evident danger that the number and infinitenesse of them, will out-grow the matter, whereon to worke for their life and sustentation, and shall one infest and become a burthen to another."[2] Similarly, in a pamphlet[3] published in 1612 by the authority of the royal council of Virginia, it was asked: "What man is so simple that doth not see the necessitie of employment for our multitude of people? which they though they be our flourishing fruits of peace and health, yet be they no longer good and holesome in themselves." The author of this pamphlet argued at length that England had a surplus population, and that it was impossible in so great a body of people, "which

[1] In 1609, there was also published a sermon on Virginia, in which the author, William Symonds, said: "Look seriously into the land [England], and see whether there bee not just cause if not a necessity, to seek abroad. The People, blessed be God, doe swarme in the land, as young bees in a hive in June; insomuch that there is very hardly roome for one man to live by another. The mightier like old strong bees thrust the weeker, as younger, out of their hives." As a remedy he urged "the younger bees, to swarme and hive themselves elsewhere." Symonds, Virginia (London, 1609), pp. 19, 20. Brown, Genesis, I, p. 288. William Strachey, in his pamphlet on Virginia, written probably in 1612, said that the colony was "a fruictfull and pleasant country to seat and settle the swarmes of our ranck multitude, who tast in this our owne clyme nothing but of Idlenes, Prophannes, and want." Brown, Genesis, I, p. 340.

[2] "A True and Sincere Declaration of the Purposes and Ends of the Plantation begun in Virginia." Brown, Genesis I, p. 338.

[3] The New Life of Virginia: Being the Second part of Nova Britannia, pp. 21–23. Force I, no. 7.

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yeerely doe increase amongst us," to prevent poverty, corruption and disease; consequently he concluded that colonization was advisable. Similarly, in its petition of 1624 to the House of Commons, the London Company stated that one of the advantages arising from Virginia would be "the removal of the surcharge of necessitous people."[1]

The same arguments were used in connection with the settlement of New England. A pamphlet of 1630, in support of the Massachusetts enterprise, called attention to the fertility of its soil, and remarked that it was a great pity that this land should remain "altogether unoccupied, when so many honest Men and their Families in old England through the populousness thereof, do make very hard shift to liue one by the other."[2] In another and similar pamphlet published at the same time[3] it was demonstrated to the satisfaction of the author, that England was overpopulated, because of the number of unemployed, the crowded state of all vocations and the number of people engaged in making superfluous luxuries. Hence the colonization of America was favored, and it was argued that England's ability and fitness for this work "will evidently appeare by the consideration of our overflowing multitudes: this being admitted for a received principle, that Countreyes superabound in people when they have more than they can well nourish, or well employ."[4]

From this review of contemporary thought it is apparent that the general opinion was that England was overpopulated,[5] and that colonization would afford relief to this congested condition by removing the poor and unemployed.[6] At the outset it was

[1] Virginia Co., II, pp. 526–528; London Co., II, p. 264.

[2] New-Englands Plantation (London, 1630), p. 12. Force I, no. 12.

[3] The Planters Plea (London, 1630), chap. i, p. 9. Force II, no. 3.

[4] Similarly, in 1641, it was said that "when a Kingdom beginneth to be overburthened with a multitude of people (as *England* and *Scotland* now do), to have a convenient place where to send forth Colonies is no small benefit: and Such are the North-east and North-west parts of America." A Petition of W. C., exhibited to the High Court of Parliament (London, 1641), p. 6. Force I, no. 13.

[5] Toward the end of James I's reign, it was pointed out that the English towns were overcrowded, and hence needed a "vent for their people into Virginia," even if they should have to defray the cost of transporting the people. MSS. of Lord Montagu of Beaulieu, p. 109. Hist. MSS. Com.

[6] In 1623, it was proposed to found a royal colony in America, by means of which

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the intention of some to establish mere trading stations in America, but the later and more general aim was to found new communities.[1] The government directed and supported the movement on this basis, and one of the advantages expected therefrom was relief from an excessive population. Thus, in 1614, the Spanish ambassador in England wrote to Philip III that he had heard that the London Company had asked for permission to withdraw the settlers from Virginia, as the enterprise had turned out so expensive, but that this request had been denied, it being suggested that "it was well to preserve that place, altho' it be good for nothing more than to

England might annually rid herself of 3,000 poor, and "the prisons may be emptied, and much blood saved as well as relief given to many by sending them thither." Cal. Col., 1574–1660, pp. 50, 54, 56; Cal. Dom., 1623–1625, p. 521. At this time also, Secretary Conway suggested that England join with the Dutch in a West Indian voyage, and that some enterprise be undertaken to draw off idle people from England. Cal. Dom., 1623–1625, p. 143. The same arguments were used to support Scottish colonization. Thus in Sir William Alexander's patent for New Scotland, dated Sept. 10, 1621, James Stuart, as king of Scotland, said: "We thinking how populous and crowded this land now is by Divine favor" have judged it important that many should be settled on new territory. Slafter, Alexander, p. 128. Alexander himself said that Scotsmen were well qualified for the work of colonization, having daring minds and strong bodies, and besides "Scotland by reason of her populousnesse being constrained to disburden her selfe (like the painfull Bees) did euery yeare send forth swarmes" to fight in foreign wars. Alexander, An Encouragement to Colonies (London, 1624), p. 38. William Vaughan reported Alexander as having said: "In such abundance doth my natiue Countrie of *Scotland* ouerswarme with people, that if new habitations bee not suddenly prouided for them, as Hiues for Bees, they must either miscarie of want, or Turne Droanes unprofitable to the *Owner*"; we have too many laborers in Scotland who "would willingly manure this maiden Soile . . . but the charge of transporting them with such implements and domesticall cattell, as must be had now at the first, cannot but grow to an excessive cost." William Vaughan, The Golden Fleece (London, 1626), I, pp. 3–6. The same argument was also used toward the end of the century in connection with the Darien enterprise. In 1700 it was said: "We have a Foreign Plantation, which may not only to our Profit, take off the Native Product of our Country, but may be for Receiving, and competently Intertaining a great many People which may be spared therefrom." A Letter from One in the Country, to a Member of Parliament (1700).

[1] In R. Rich, Newes from Virginia, published in London in 1610 (Brown, Genesis I, p. 420), we read:

"Let England knowe our willingnesse,
For that our worke is good,
Wee hope to plant a nation,
Where none before hath stood."

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kill people and to afford an outlet to them from here; since in this Kingdom here they grow and multiply so as to be innumerable." [1]

This entire subject of the relation between social conditions in seventeenth century England and the colonial movement must, however, be regarded also from another viewpoint. While on the one hand it is evident that expansion was favored as a means of alleviating the congested state of England, on the other the question arises, whether or not the actual displacement of population was due to existing economic distress. Did the current contemporary opinion correspond with actual conditions, and was the founding of new communities in America the result of overpopulation and of economic pressure in the mother country? From an examination of the conditions that prevailed in England, it would appear that the existing population did not exceed the country's productive capacity. It is generally recognized that, from the latter half of Elizabeth's reign until the outbreak of the Civil War, England was in a flourishing condition. In fact this very prosperity implied economic distress among some classes. As civilization advances, it becomes more complex, and economic progress, while denoting an absolute increase in wealth, has hitherto implied a more uneven distribution thereof and greater extremes of riches and poverty. Such a period of progress, almost tantamount to an economic revolution, dates from the latter years of Elizabeth's reign. Wealth increased greatly, but at the same time pauperism became a permanent evil. This comparatively new phenomenon was little understood. The law of development from incoherent homogeneity to coherent heterogeneity had not yet been enunciated. For virtually the first time Englishmen beheld as an every-day sight "the spectacle of Dives and Lazarus existing side by side." [2] Hence the conclusion was reached that England was too densely populated to support its inhabitants,

[1] Brown, Genesis II, p. 681.

[2] H. de B. Gibbins, Industry in England (New York, 1903), pp. 260, 261. The increase in pauperism was emphasized by the fact that the Reformation had removed the ecclesiastical organization, which in the middle ages was accustomed to care for the poor.

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and that colonization would afford a palliative if not a remedy for this evil. Thus, in ultimate analysis, colonization was favored as a cure for pauperism. It was desired to transport the indigent and dependent from crowded centres, especially from London, thus freeing the parishes from the burden of their support. In this respect, however, the movement was a distinct failure.

The emigration from Europe to America in the nineteenth century was mainly economic in nature, being predominantly due to the increasing severity of the struggle for existence. The movement of the seventeenth century was radically different. The bulk of the people who settled in New England left the mother country for religious and political reasons. They objected both to the practices of the Anglican church under the direction of Laud, and to Charles I's theory of the kingship and his attempt to rule independently of Parliament.[1] As far as the other colonies were concerned, the motives leading to emigration were in general more material. Many left their homes as a result of an adventurous spirit, and many also sailed to America in order to acquire riches quickly. But this does not to any extent whatsoever imply that they left on account of economic pressure at home. America, both on account of its dangers and its immeasurable possibilities, appealed strongly to those who disliked a humdrum life of quiet and ease. The views of many Englishmen were voiced by the contemporary dramatist, who said, in connection with such an adventurer: "Who would not sell away competent certenties to purchase (with any danger) excellent uncertenties?"[2]

[1] See, *e. g.*, Cal. Dom., 1637–1638, p. 88; *ibid.*, 1638–1639, pp. 64, 430, 431.

[2] Eastward Hoe (1605), act ii, scene i.

The commercial and colonial movements were integrally and inseparably connected. Ordinary commerce was beneath the dignity of the upper classes in England, but armed commerce in the East or in the West, with the hazard of capture by a foreign foe and the more or less speculative prospects of immense profits, appealed to the imagination and adventurous spirit of English gentlemen and called forth their enthusiastic support. As was said in 1615: "Nor is England, bounded by our Horison, to go no further than we see. We have learned, long since, that *Mercatura si tenuis sordida, si magna splendida;* The stranger the Country, the greater the Adventure." The Trade's Increase. Harl. Misc., IV, p. 207.

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Apart from the emigration to New England, and that to the West Indies and Virginia during the disturbances of the Civil War,[1] the movement was not only of small extent but was predominantly non-spontaneous in character. Great difficulty was encountered in getting settlers for Virginia.[2] In 1621, Sir Edwin Sandys frankly told the House of Commons that at first they could get none to go to that colony.[3] In the same year it was pointed out by a competent authority how unwilling people were to settle in this colony and in the Bermudas.[4] Even in the case of Massachusetts, although it was to be the refuge of those who disagreed with the dominant religious and political party in England, somewhat similar conditions obtained. In 1632, Sir Richard Saltonstall found it strange that "the meaner soart of people" should be so backward in emigrating, and that the "better soart of people should not helpe y^e^ poorer with meanes to transport them." [5]

This difficnlty led to various schemes of assisted emigration. The city of London, where the evil of pauperism was most accentuated,[6] spent considerable money in settling some of its dependent children in Virginia.[7] At various times contracts were concluded with the Virginia Company for the transportation of such children to the colony, the city paying part of the expense and the company the balance.[8] But some difficulty

[1] Clarendon, History of the Rebellion (ed. Macray), V, pp. 262, 263.

[2] *Cf.* Commons Journal, I, p. 488. In 1618, a pretended commission to press maidens for the Bermudas and Virginia frightened away forty girls from one parish, who fled to such obscure places that their parents could not find them. Cal. Dom., 1611–1618, p. 586. *Cf. ibid.*, p. 594, and *Virginia Magazine of History and Biography*, VI, pp. 229, 230.

[3] Commons Journal, I, p. 579. [4] Brown, First Republic, pp. 398–400.

[5] Saltonstall to Emanuel Downing, Feb. 4, 1632. Coke MSS.

[6] Misselden, Circle of Commerce (London, 1623), p. 137, speaks of the large number of poor in London and their increase through indiscriminate charity.

[7] There is extant a letter from the council and company of Virginia to the city of London which states that the Privy Council being "desirous to ease the city and suburbs of a swarme of unnecessary inmates, as a contynual cause of dearth and famine, and the very originall cause of all the Plagues that happen in this Kingdom," has advised you to contribute to their emigration to Virginia. Brown, Genesis, I, p. 252.

[8] London Co., I, pp. 24, 36, 70, 91; Virginia Co., I, pp. 270, 271, 293, 300, 304–307, 355, 411, 412; Cal. Dom., 1611–1618, p. 584.

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was encountered, as the worst disposed, of whom especially the city wished to rid itself, refused to go,[1] thus forcing the company, on one occasion at least, to apply for a warrant from the Privy Council to enforce its agreement.[2] In addition to paying the expenses of those emigrating to America, other expedients were adopted to overcome the difficulties encountered in obtaining settlers for the new communities. Thus, in 1632, seventy vagrants were bound as apprentices for service in Virginia and Barbados.[3] Similarly, delinquents and criminals were reprieved on the condition that they go to America, and, at not infrequent intervals, men of this type were transported to the colonies.[4]

Apart from the inertia prevailing in the lower classes, there were additional factors that made it absolutely impossible for the poorest classes in England—those most adversely affected by the change in social conditions—to emigrate freely. The present westward movement from Europe is taking place under conditions differing radically from those that prevailed in the seventeenth century. Nowadays the cost of passage is insignificant, and there is the virtual certainty of finding, immediately on arriving in America, the means of gaining an adequate livelihood. The poorest classes can thus readily change their environment. At the outset of the colonial movement, not only was the cost of transportation very high, but furthermore considerable time was required before a living could be secured from America's virgin soil. Hence the settlement of an individual in the colonies implied the expenditure of a considerable sum of money. The mere passage to America involved the outlay of a large amount: as a rule, £6.[5] But in addition, the emigrant had to be equipped with tools, clothing and provisions,

[1] Cal. Dom., 1619–1623, p. 118. [2] *Ibid.*

[3] *Ibid.*, 1631–1633, p. 433.

[4] Virginia Co., I, pp. 212, 259, 288, 290; London Co., I, pp. 33, 34; Cal. Dom., 1619–1623, pp. 10, 552; *ibid.*, 1635, pp. 262, 535; *ibid.*, 1635–1636, p. 437; *ibid.*, 1638–1639. p. 425; *ibid.*, 1639–1640, pp. 183, 349.

[5] In 1619, the cost of passage to the Bermudas was £5, to Virginia £6. Manchester MSS., H. M. C., VIII, 2, p. 33, no. 243; London Co., I, p. 23; Virginia Co., I, pp. 275, 295, 455. In 1632 transportation to Providence Island cost £6, and in 1639 the same amount was charged for passage to Maryland. Cal. Col., 1574–1660, p. 140; Calvert Papers, I, p. 206.

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which necessitated the expenditure of a much greater sum: about £14 more for each settler.[1] Toward the end of James I's reign, the adherents of the London Company said that "the charge of transporting a personne to Virginia can not be lesse at this day than Twenty poundes, which being a thing soe well known must needs disharten all future planters from goinge."[2]

From the standpoint of the day this was a considerable sum; and obviously a person possessing it was by no means in economic distress, and hence, if emigrating, would be actuated by other influences.[3] As a consequence also the poorer classes could not emigrate without assistance.[4] This led to the system of indentured labor, the emigrant giving his services to a master for a longer or shorter term, usually for five years, in return for the cost of transportation.[5] But the semi-servile conditions prevailing under this system were naturally not attractive, and to a great extent counteracted any stimulus toward emigration arising from economic distress. Other circumstances worked in the same direction. In addition to the risk of shipwreck,

[1] About 1623 it was estimated that the cost of transporting and of furnishing six settlers in Virginia with victuals, apparel, tools, and arms was £114 19*s.* 6*d.* Cal. Col., 1574–1660, p. 56.

[2] Col. Pap., III, 32. For further details regarding the requirements of a colonist, see Purchas, XIX, pp. 165–167, and John Josselyn, Account of Two Voyages to New England, 1638, 1663 (London, 1675), in Mass. Hist. Soc. Coll., series iii, vol. ii, pp. 220–225.

[3] In its efforts to secure settlers for Virginia, the London Company in 1620 offered to settle children in the colony on payment of £5 a head. At the meeting of the company held on November 15, 1620, Mr. Smith pointed out "that the sume of five pound demaunded w^th^ everie Childe that should be sent out of the Country to be transported to Virginia was a greater charge then would willingly be disbursed by the Common sorte, seeinge they might w^th^ a lesse charge as ordinaryly for five Marks binde their Children Apprentizes att home to good Trades and therefore itt was vnlikely they would be drawne to give a greater sume to send them to a forraigne country he therefore moved that the 5^li^ specified in the Plantation might be abated to ffive Marks." Virginia Co., I, p. 424; London Co., I, p. 96. *Cf.* also Virginia Co., I, pp. 479, 480, 489, 556.

[4] In order to be able to emigrate on its own resources, a family had to be in fairly comfortable circumstances. In 1621, an apothecary offered to transport himself and his wife to Virginia at his own charge, provided the company would pay the cost of carrying over his two children. London Co., I, pp. 131, 132; Virginia Co., I, p. 495.

[5] Bruce, Economic History of Virginia, II, pp. 4, 5.

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which was ever imminent in the case of the small vessels of the day, conditions during the passage were extremely rigorous. Overcrowding and poor food resulted in a large mortality.[1] Furthermore, on arrival in America, there had to be encountered the grave Indian danger, and the perils of a strange climate and unaccustomed food-stuffs which an unhygienic age could not circumvent. Of the early settlers in Virginia a very large majority perished from disease or at the hands of the aborigines.

Recapitulating these facts, it will become apparent that economic conditions in England had made pauperism a permanent phenomenon, and that this little understood social evil gave rise to the generally prevailing but erroneous idea that England was overpopulated. In turn this opinion induced many to support the colonial movement, and was an influential factor in gaining the government's aid for the work of expansion. One of the distinct advantages expected from the colonies was relief from congestion and pauperism in the mother country without at the same time diminishing the number of British subjects. This view was naturally reflected in British colonial policy, and to some extent explains the comparatively unrestricted commercial system that prevailed during the first half-century of the Empire's life. But while the impression that England was overpopulated gave a potent stimulus to the colonial movement, economic conditions in the mother country were to no marked degree a direct cause of the ensuing transfer of population to America. In general, England was prosperous, and while there was a certain amount of want, those affected by it could not, on account of the large capital required, spontaneously settle in America except under semi-servile conditions. In the main the dislocation of population was produced, not by economic conditions, but by the political and religious conflicts of the age.

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(To be continued.)

[1] Manchester MSS, H. M. C., VIII, 2, p. 41, no. 338.

[2] *Ibid.*, p. 42, no. 340. *Cf.* p. 38, no. 298; pp. 44, 45, no. 361. See also Bruce, Social Life of Virginia, pp. 16, 17.

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THE PROBLEM OF THE HOUSE OF LORDS

THE present situation in British politics offers a problem of exceptional interest to students of constitutional history and practice. The question at issue is not a choice between rival schemes for an ideal political system, nor even, as lately in relation to the Transvaal, the invention of a brand-new constitution suitable to a peculiar emergency. It is the modification of an existing scheme of government in harmony with the traditions of a country which has no liking for violent substitutions, but prefers to patch up its old wine-skins as long as they can by any means be made to endure the fermentation of new times without serious risk of explosion. What we are now concerned with, therefore, is not so much the general advantages and disadvantages of the uni-cameral and bi-cameral systems respectively, or the considerations that would need to be taken into account preliminary to the establishment of either of these systems in Utopia, but a particular difficulty threatening the efficiency of parliamentary government in England at the present moment. It must not be supposed, for example, that the agitation respecting the House of Lords implies any revolt against the hereditary qualification in itself. To be the eldest son of a certain father may or may not be an adequate ground, philosophically considered, for the claim to an exceptional share in the functions of government, but it is certain that it is no intellectual unrest on this score that has caused the present anxiety. The trouble is simply that the machinery of legislation is out of gear, and that its parts must evidently be readjusted or amended to prevent a breakdown.

The gist of the matter is that the upper house has sinned by omission and commission: it has ceased to perform its constitutional duty and has assumed a function whose exercise is mischievous to the common weal. It is supposed to provide a check to hasty and ill-considered legislation, but, as a matter of fact, as long as a Conservative government is in office, it makes no attempt to render the services appropriate to a revis-

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ing chamber. On the other hand, its dormant power of criticism is awakened into immediate activity on the accession of a Liberal ministry, and is then consistently exercised in the interests of the political party which, *ex hypothesi*, is at the time out of harmony with the will of the nation. In short, it is no exaggeration to say that the House of Lords has become as much a permanent organ of conservatism as the Carlton Club, and that it enables the Conservative leader in large measure to recoup himself for the losses suffered in an electoral defeat. The effect of this one-sided arrangement is shown not only directly in the rejection or amendment of progressive measures sent up by the Commons but indirectly in the watering-down of many such proposals before they are introduced into Parliament at all, owing to the natural desire of the responsible ministers to conciliate this powerful authority rather than provoke its antagonism. This, then, is the present situation. I propose to summarize in this article, with brief comment, the principal suggestions that have been made for its relief.

The following table exhibits the possible choices of policy:

I. Two-chamber system, with
   (1) Modification of powers of upper house, or
   (2) Reform of composition of upper house, or
   (3) Combination of (1) and (2).
II. One-chamber system.

If one were discussing the general subject of political constitutions it would be advisable to begin by settling the question between one and two chambers; but in this particular case of "practical politics" it is more convenient to consider first the possibilities of a reform of the existing two-chamber system, as involving the least change and as presenting, if for that reason alone, the alternative most likely to commend itself to the British public.

I

(1) The first proposal to be examined is that for modifying the authority of the House of Lords while leaving its composition as at present. The principal varieties of this scheme are:

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(a) Meeting of the Lords and Commons in one body.
(b) Limitation of Lords' veto by referendum.
(c) Limitation of Lords' veto by general election.
(d) Limitation of Lords' veto by expiry of time.

(a) It was suggested by Lord Rosebery in 1888 that in cases of divergence of opinion between Lords and Commons there should be a reversion to the Magnum Concilium, *i. e.*, that the two houses should sit in one body, like the occasional "joint session" of an American state legislature for the election of federal senators. As parties stand in the United Kingdom at present such a scheme would be utterly futile. The Conservative peers combined with the Conservative members of the House of Commons would leave the Liberals of the two houses in a permanent and hopeless minority, even after such a general election as that of 1906.

(b) The introduction of the principle of the referendum has been warmly advocated by certain influential Liberal newspapers, notably by the Manchester *Guardian*. It is proposed that the rejection by the Lords of a bill that the House of Commons still presses in spite of such rejection shall be followed by the reference of this particular measure to a popular vote, and that a bill approved by such vote shall become law notwithstanding the opposition of the upper house. The Lords, it should be noted, invariably justify their rejection of government bills by the plea that they are really expressing the mind of the people more truly than the lower house, which may conceivably have been elected on other issues. A referendum, it is argued, would test the validity of this claim. It would enable the Lords to delay the passing of any bills which might have been insufficiently considered by the country at large, while their opposition would not be fatal to measures which the constituencies had definitely sanctioned.

The scheme is attractive and easily intelligible, and it is supported by evidence of the satisfactory operation of the referendum in other countries. Several objections have been offered to it, however, by writers of the same party stripe as its supporters. These critics discount the value of foreign experience

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by pointing out that the countries whose example is quoted are of smaller population and alien political traditions. The referendum, they maintain, is contrary to the whole spirit of the British constitution, and its adoption would amount to a revolution of the existing system; it would destroy the representative character of the House of Commons and the responsibility of the king's ministers. At the same time, its application under the conditions mentioned would be illusory and disappointing. It would leave the democracy without direct influence on some of the most important national affairs, *e. g.*, peace and war; and in the long run it would not remedy the present trouble. It would practically yield to the Lords the power which Gladstone challenged, namely, the power of forcing an appeal to the country in disputes between the two houses; it would not be put into operation except during a Liberal ministry, and it would therefore expose the Liberal party to the unpopularity which would be associated with the expense and trouble of the frequent use of the election machinery. It is urged in reply that the prevailing practice of exacting "pledges" during his candidature has already made the M. P. no longer a representative but a delegate; that the doctrine of a "mandate" from the electors is to all intents and purposes now in force, though in a vague and dangerous form, often through the pressure of specific interests and cliques; and that the adoption of the referendum would regularize it and ensure that it expressed the will of the majority of the constituency. There would be involved no impairment of the present executive responsibility of the ministry, and the ministry and Parliament together would retain their control over administration and finance, and their power of initiative in legislation. Further, the difficulty anticipated from the apparently one-sided operation of the referendum could easily be met by allowing such an appeal not only on demand of the House of Lords, but on that of a certain substantial minority of the House of Commons or even of a certain proportion of the electorate by means of a petition. The question of the unpopularity of frequent pollings is not an easy one to determine. There undoubtedly exists in the community a large section which is not permanently attached to any party

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and whose variations often turn the scale at an election. If this section, with its lack of political enthusiasm, would be irritated by frequent calls to exercise the franchise, the risk of arousing its prejudice would certainly be a drawback to the value of the referendum in the eyes of the party that would suffer thereby. But who would the victims of this prejudice be? Would the annoyance of this section vent itself on the government for proposing changes which could not be carried without this disturbance of the peace and interference with business, or on the Lords for interposing an obstacle only to be surmounted by this means? One cannot predict with certainty. It is reasonable to believe, however, that the mere possibility of a referendum would in many cases be effective in itself. If there existed the opportunity of a plebiscite as the *ultima ratio*, a Liberal government in the framing of its bills would recognize the importance of paying close attention to the feeling not only of its own party but of the country at large, and would beware of pushing to an extreme point any measure for which the opinion of the nation in general was not ripe. On the other hand, the Lords would be unlikely to persist in their opposition if they were not absolutely confident of popular support; they would remember that their failure to carry the country with them on a referendum would result in the passing without amendment of an obnoxious bill which might have become law in a less disagreeable form if an uncompromising stand had not been taken by its opponents. If this be so, the actual employment of this method would be extremely rare, and the anticipated interference with the normal working of the representative system would consequently be reduced to a minimum.

Whatever may be the force of these considerations, the immediate prospects of this particular scheme for securing "the consent of the governed" are not encouraging. The prime minister dismissed it briefly, almost contemptuously, in one of his recent speeches, and it is accordingly not favored by the Liberal party officially. It would not be surprising, however, if a clearer perception of the defects of other proposals should lead before long to the turning of general attention in this direction.

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(c) A slighter departure from traditional methods would be the provision that a bill rejected by the House of Lords should nevertheless become law if re-affirmed by the House of Commons in a new Parliament. The intervening general election would thus answer the same purpose as the referendum in the scheme just described, but the test of popular approval would be much cruder, and there would be involved an undesirable delay. Under this system a bill passed by the Commons and rejected by the Lords in 1906 might possibly be "hung up" until 1912, and by that time other subjects might be so prominent in the public mind as to make the general election a very unsatisfactory expression of opinion on that particular issue. And in fact the adoption of such a limitation of the Lords' veto might make very little real difference to the actual situation. Although there is no technical provision to that effect, it is understood to be the constitutional practice that the House of Lords should not persist in its opposition to a measure which has been approved by the Commons in two successive Parliaments. In the case of the most important instances of a disagreement in recent years, the rejection by the Lords of the Home Rule bills of 1886 and 1893, the next following general election in each case resulted in the return of a House of Commons that did not approve of the measure in question, so there was no opportunity of illustrating or disproving this belief. But even if the Lords' veto were thus definitely limited by a general election, the hardship would remain that the measures of a Liberal government should be exposed to the ordeal of an election, while those of a Conservative government were exempted.

(d) Another suggestion is that a time-limit should be imposed on the veto of the upper house. The present proposals of Sir Henry Campbell-Bannerman are of this nature. The wording of the resolution which, on his motion, the House of Commons accepted on June 26 last by 432 votes to 147 is as follows:

That in order to give effect to the will of the people as expressed by their elected representatives, it is necessary that the power of the other

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house to alter or reject bills passed by this house should be so restricted by law as to secure that within the limits of a single Parliament the final decision of the Commons shall prevail.

The entire scheme, as outlined by the prime minister, provides for the holding of three conferences between the two houses at various stages of the controversy before the ultimate decision is taken by the Commons, and also for the shortening of the duration of Parliaments from seven to five years in order to prevent arbitrary action by an effete government. The critics of this scheme contend that it cannot be correctly regarded as a readjustment of the relations between the two houses. It would give the upper house, it is true, the opportunity of pronouncing an opinion on bills passed by the Commons, but would practically deprive it of legislative authority; and it is argued that it would scarcely be consistent with self-respect to consent to undertake functions that would be so restricted as those of the House of Lords under such a régime. But while the authority of the upper house under these conditions might appear to be the mere shadow of its present-day privileges, it is not certain that membership of the consultative body that would remain would be without attraction for men of distinction. An advisory council of this type would not necessarily hold a humiliating or even undignified position through the fact that the ultimate decision lay elsewhere, any more than the House of Lords, as matters now stand, feels itself degraded by the limitation of its functions in respect to financial affairs. There is, however, evidently much reason for the view that any limitation of the Lords' veto which would result in the prevalence of the will of the Commons without further reference to the electorate would be so close an approximation to the abolition of the upper house that it should be considered in the light of the arguments for and against a single-chamber system.

The obvious comment upon all these proposals to rearrange the mutual relations of the two houses is that, while they would save the work of legislation under a Liberal government from being thwarted as at present by a permanently entrenched Conservative majority in the upper house, they would contribute

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nothing toward improving the quality of that house and consequently increasing its efficiency as a revising chamber.

(2) We now come to the various schemes which propose no alteration in the existing relations between the two houses, but aim at making the House of Lords a more efficient legislative body by means of reforms in its composition. These may conveniently be tabulated as follows, according to the proportion of weight they give to the hereditary principle:

(a) Limitation of writ of summons.
(b) Increased proportion of non-hereditary members.
(c) Abolition of hereditary privilege.

(a) At present, the death of an English peer does not, of itself, make his eldest son a member of the House of Lords. A necessary preliminary to the taking of a seat is the issue of a "writ of summons" by the king. If the eldest son is a minor, his writ is not issued until he has attained his majority. In certain instances the issue of this summons may be delayed by desire of the new peer himself, who immediately begins to enjoy the title and rank he has inherited, but defers for a time the entry upon his legislative inheritance. "There are cases in recent times," says Sir William Anson, "of peers by descent holding offices which are incompatible with a seat in either house. The peer in such case, on succeeding to the peerage, does not apply for his writ of summons, and so avoids being disqualified for the office which he holds." A peer thus summoned receives a new writ at the opening of every successive Parliament as a condition of admission to a seat in it.

In the course of time this particular phase of the royal prerogative has become a mere formality, but the technical necessity of it has suggested a method of retaining the hereditary principle as the basis of membership while restricting its operation to a limited number of persons. In 1888 the late Marquis of Salisbury introduced into the House of Lords a bill, which passed its second reading but went no further, "to authorize the discontinuance in particular cases of the issue of writs of summons to the House of Lords." Its object will be sufficiently indicated by mention of the fact that it was popu-

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larly known as "the Black Sheep Bill." Lord Salisbury's hint has been taken and improved upon by Mr. J. G. Swift MacNeill, M. P., formerly professor of constitutional law at the King's Inns, Dublin, who boldly proposes that the Crown, on the advice of the Cabinet, should exercise a deliberate process of selection in the issue of writs of summons. Mr. MacNeill quotes high authority in support of his argument that the discretionary power of the king in this respect is a royal prerogative which could not become obsolete through desuetude, and that it might be revived without any violence to the constitution. This scheme combines perhaps to a greater degree than any other ingenuity of conception and simplicity of operation. It might clearly be made to serve a double purpose. Judicious selection might greatly improve the calibre of the average membership of the upper house by opening its doors to such peers only as could show the qualification of personal ability or experience in public affairs; at the same time this purge might be so exercised by the ministry of the day as to place its own political supporters in a majority and thus ensure the passing of its own measures without friction or delay. But in spite of its tempting advantages Mr. MacNeill's plan is open to serious objections. In the first place, the royal discretion in the issue of the writ of summons does not apply to the 44 Scottish and Irish representative peers, or to the 26 bishops, who are legally entitled to their seats irrespective of the king's call. Again, the contention that the royal prerogative is merely dormant has to meet the precedent of the resistance successfully made to Charles the First's attempt to exclude the Earl of Bristol from Parliament. More important still is the consideration that the revival of such powers would be a two-edged weapon. A Conservative ministry might follow this example with disastrous effect on the fortunes of the Liberal party. It would be equally possible, for instance, to revolutionize the whole composition of the House of Commons by reviving the ancient royal prerogative of summoning members to that house from whatever localities the Crown might prefer—a sort of gerrymander which might send the country back to the era of rotten boroughs. In fact, the whole idea of dealing a blow at the Lords by perma-

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nently increasing the normal authority of the king is so contrary to the general trend of political evolution in modern England, or for that matter anywhere else in the twentieth century, that the sovereign himself in all probability would judge it to be highly imprudent to consent to it.

(b) Schemes for the retention of the hereditary principle in combination with a largely-increased proportion of non-hereditary members have been made public in bewildering variety. To prevent the size of the house from becoming altogether unwieldy it would of course be necessary to accompany an extension in the latter direction with a reduction in the number of hereditary members. An important element in several of these schemes is, therefore, the proposed application to the English peerage of the system now in force with respect to Scottish and Irish peers. At present the Scottish peers send to the House of Lords 16 of their own number as their representatives, and the Irish peers similarly send 28; the representative peers in the former case sitting during the duration of the Parliament for which they are elected, and in the latter case for life. The adoption of some such plan for the selection of English peers as representatives of the whole body would be not unwelcome to many present members of the upper house, but it may be doubted whether the net result of such a change would in itself give much comfort to the friends of progressive legislation. There are at present so many habitual non-attendants that a considerable reduction of the number entitled to attend might leave the body of "working" hereditary peers very much the same as at present, with the exception that the process of election by the majority would probably exclude the few Liberal peers who are found in the House today.

The proposal to increase the proportion of non-hereditary members calls attention to the fact that, leaving the bishops out of count, there are now in the House of Lords only four life peers. It has sometimes been said that if Sir James Parke had not happened to be suffering from a cold on a certain day in 1856 there might by this time have been a large number of them. In that year, Sir James, who had held distinguished office as a judge, was created a life peer under the title of Lord

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Wensleydale, it being generally supposed that the creation of life peers was a constitutional prerogative of the monarch, though it had long been disused. His indisposition delayed him in taking his seat. Meanwhile the alarm was sounded and the House of Lords refused to receive him, alleging, in accordance with a report of a special committee of privileges, that neither his letters patent nor his writ of summons entitled him to a place in the house. In the interests of peace he was made a peer of the normal type, and the difficulty was settled for the time. Twenty years later the passing of a statute creating four life peers for judicial purposes practically admitted the contention of the Lords, implying as it did that the royal prerogative had no sufficient validity in that respect. The action taken by the Lords themselves has therefore had this curious result, probably little appreciated by them at the time, that if the Crown today wished to override the opinion of the present upper house by means of a large number of new creations the new peers would have to be hereditary peers, not life peers. More than once since 1856 bills have been introduced into the House of Lords itself—once, indeed, by the late Marquis of Salisbury—for empowering the Crown to create life peers, but though these bills received considerable support, they did not in any instance reach the stage of becoming law.

If, then, we propose the supplementing of a reduced number of hereditary members by a considerable number of non-hereditary, what form shall this addition take? It is here that the opportunity of an almost infinite variety of schemes—one might be excused for saying, of "freak" schemes—presents itself. We have first to decide whether the new members shall hold their seats for life or for a term of years. The next question is the mode of appointment, whether nomination by the Crown, direct or indirect election, or the possession of some *ex officio* status. If they are to be elected, is the electorate to be the House of Commons, or the county councils, or a special electoral college, or the body of voters which at present elects to the Commons, limited possibly by a higher property qualification? If an *ex officio* basis is adopted, what are to be the offices whose past or present tenure shall entitle to a seat? Each of these

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topics offers material for endless discussion, but the main object of most of the projects advanced is the same. It is to secure that a large if not preponderant section of the upper house shall consist of men who have already rendered conspicuous service to the community, and that they shall find their way into that house by some method that will keep them free from such rigidity of party ties as binds members of the House of Commons. It has been proposed, for example, that places should be given to privy councillors, to men who have held the leading posts in the permanent civil service, to ex-governors or ex-premiers of the colonies, to representatives of the universities and of the learned societies and professions, to the heads of the leading religious denominations, to retired judges, to ex-members of the House of Commons of a certain number of years' standing, to lord mayors and lord provosts, *etc.*, *etc.* In fact there is scarcely any office implying personal distinction which some constitution-maker or other has not suggested as a qualification for membership of the upper house.

In most of these schemes it is understood—though it is not necessarily part of them—that there would be in future no fresh creations of hereditary peerages. In the course of years the number of existing peerages would consequently become smaller and smaller. Meanwhile the hereditary peers would retain a considerable amount of power through enjoying the opportunity of electing from their own order the occupants of a certain number of seats in the reconstituted house.

(c) A more radical type of proposal would involve the loss of this privilege. The peers would then have no claim to a definite proportion of seats, but would stand on precisely the same level as other candidates, and would take their chance of nomination or election in company with the privy councillors, etc. A scheme of this kind has been put forward by Dr. A. R. Wallace. He would constitute the entire house by an election in which each of the 121 counties in the United Kingdom would elect two members. The electorate would consist of parish, district, borough and county councillors, and the candidates eligible would be required to be over forty-five years of age and to possess some qualification of personal or official distinction.

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Members would hold their seats for fifteen years, with one-third of the number retiring every five years.

The general argument for the various schemes summarized in (2) is that a reconstitution of the house on some such basis would raise the quality of its membership and promote its efficiency as a revising chamber. It is urged, on the other hand, that a house reconstituted by any scheme of this kind would still be anti-popular, and in actual working would show itself no less opposed to progressive movements than at present. All such "reforms," it has been said, would leave the upper house "a house of rich men, a house of persons interested in the present land system, a house of churchmen, a house of capitalists."

(3) British politicians naturally tend to seek a solution either in the proposals marked (1) or in those marked (2) according to the emphasis they lay upon the different needs of the present situation. In the minds of many there is an inclination to resent any interference with the will of the people as expressed in the election of the House of Commons. Those who take this view are, of course, most anxious to make the veto of the upper house as little operative as possible, and do not concern themselves greatly as to the composition of that body. Others are mainly desirous of converting the House of Lords into a satisfactory instrument for the fuller consideration of measures that have passed the House of Commons, and are consequently disposed to let the relations of the two houses remain as they are, provided that the character of the upper house be modified in the direction of improved capacity of statesmanship. But there are not a few who feel that the difficulty is not simply in the present relation of the two houses or in the composition of the upper house, but in the two conditions together, and are therefore convinced that no reform will be adequate unless it includes a modification in both directions. To them, therefore, the most commendable proposal would be a combination of some scheme in the first group with some scheme in the second. It is unnecessary to discuss or even to formulate the combinations that would be possible in such an arrangement. Suffice it to say that the resulting increase in the number of plans to be

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considered makes the concentration of public approval on any one scheme especially difficult to secure.

II

No useful purpose would be served by recapitulating here the arguments for and against a single-chamber system, but it may be of service to note certain objections which, in England at the present time, weigh strongly against the obvious simplicity of such a system as a democratic method of government.

In the first place, the traditions of British political development, as already suggested, are against so revolutionary a change, which could therefore only be brought about at the cost of a violent political upheaval. Further, recent experience has produced, even among strong Liberals, a keener appreciation of the risks that might be run through the absence of any check upon the House of Commons. The idea that the Commons must necessarily be in sympathy with popular sentiment has suffered a rude shock. During the last years of the Balfour ministry that house was notoriously out of touch with the nation, but for that very reason it was found to be a more serviceable instrument in supporting and executing the policy of the cabinet. An M. P. who has urgent reason to fear for the safety of his seat may naturally be counted on not to pursue any course which would be likely to hasten an appeal to the country. As it is, the authority of the cabinet, whether Conservative or Liberal, has been notably strengthened of late, and the prospect of the establishment of a cabinet autocracy by means of a subservient House of Commons is sufficiently serious to cause hesitation, unless the removal of the check of the House of Lords is to be accompanied by the shortening of the maximum interval between general elections. Even then the possibilities of mischief in a house elected in some hour of panic or passion would be incalculable, in view of the fact that there exists in England no written constitution limiting the range of subjects with which Parliament might deal. Moreover, in the event of House of Commons "despotism" or "absolutism," the most obvious recourse of the other side would be an appeal to the authority of the Crown. An enlargement of the royal

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prerogative, as the result of a democratic change like the abolition of the House of Lords, would be as dramatic a turnabout as any known to history.

Accordingly the entire elimination of the upper house from the British political system, although advocated by many occupants of the Radical and Labor benches in the House of Commons, is not likely to be seriously proposed by any responsible statesman as long as there is the least chance of the adoption of a more moderate scheme. It is conceivable that the failure of less drastic proposals might in the long run so try the patience of the country as to make it willing to consider even so violent a break with the past, but just now the "practical politician" may be excused for turning his attention in other directions.

It is worth while to discuss, in conclusion, by what means such of the above-mentioned schemes as require a parliamentary enactment might be brought about. How is the government or the country to overcome the resistance of the present House of Lords to any considerable diminution of its legislative privileges? It has been suggested that the anti-veto clause, or whatever the reforming proposal might be, should be tacked on to the appropriation bill, which the Lords would not be competent to amend and would not venture to reject. This scheme has been supported by a mistaken interpretation of Gladstone's course in obtaining the repeal of the paper duties in 1860, a course which offers no real precedent in this instance. An anti-veto clause would be in no sense financial, and would be thrown out by the Lords without hesitation and without any reasonable fear of public opinion being offended by its rejection. No attempt has hitherto been made—and it is safe to predict that none will be made—to assail the position taken by the House of Lords in the standing order passed by it in 1702, namely: "That the annexing any clause or clauses to a bill of aid or supply, the matter of which is foreign to and different from the matter of said bills of aid and supply, is unparliamentary, and tends to the destruction of the constitution of the government."

Clearly, the only feasible method of procedure is to effect by

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constitutional means such an alteration in the personnel of the present house as will secure a plurality of votes in favor of reform. This can be done either by a limitation of the issue of writs of summons or the creation of a large number of Liberal peers. The former of these courses, for reasons already given, is not likely to be adopted. The other is not free from difficulties, but is much more practicable. Two precedents are cited in this connection. In 1712 the confirmation of the Peace of Utrecht was brought about by the creation of a sufficient number of Tory peers to defeat the Whig majority. In 1832 the Reform Bill was carried by the menace of additions to the peerage for that purpose. It is worth noting that the first of these incidents was followed a few years later by the introduction in the Lords of a bill to put a fixed numerical limit on the peerage, but its rejection by the Commons preserved the prerogative of the Crown in this respect. In the case of the Reform Bill, when that measure had been approved by the nation in a general election taken on that issue after its rejection by the Lords, Earl Grey obtained from the king the following document: "The king grants permission to Earl Grey and to his chancellor, Lord Brougham, to create such a number of peers as will be sufficient to ensure the passing of the Reform Bill, first calling peers' eldest sons." The threat of such an unwelcome invasion proved all that was needed to secure the cessation of the Lords' resistance. A method of this kind involves no revival of a dormant or disused prerogative. Commoners are still being raised to the peerage every year, and their party affiliations are considered in the selection made. The only difference would be in the exceptional number of persons receiving this honor. If the precedents of 1712 and 1832 were followed to-day, the peers would have in prospect a much larger addition to their body than was ever involved before. In 1712 the creation of twelve new peers sufficed to turn the scale, and in 1832 the final list submitted by the prime minister to the king contained only forty names, but the size of the house, and especially of its Conservative majority, has since increased to such an extent that four hundred is estimated to be the least number of additions that it would be necessary to contemplate.

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Possibly if the prime minister had the king's permission in his pocket the menace of such a change might again be enough. A peerage, we must remember, is not only a political but a social privilege, and the fear of such a "cheapening" of its value in the latter respect as would result from the swamping of the house by outsiders would be a distinct incentive to acceptance of the counsel to "agree with thine adversary quickly, whiles thou art in the way with him." From this point of view the limitation of the veto or even the extension of membership of the upper house to a large number of persons holding seats for life or for a term of years would be less to be dreaded; such reforms would involve no disturbance of the "repose which stamps the caste of Vere de Vere." But it must be admitted that a coup d'état of this kind, while technically only a numerical extension of a process exhibited on every king's birthday celebration, could only be justified as a last resort, and we may take it for granted that the support of the country as shown at a general election taken on this issue would be an essential condition. Nothing but the risk of losing his crown induced William IV, after vehement and protracted objection, to put into the hands of Earl Grey the weapon which could alone restore peace to the country. And it cannot be supposed that the reigning sovereign, free though he is known to be from the bigotry and obstinacy of certain of his predecessors, would consent to so grave a step unless the necessities of government and the will of the nation made it inevitable.

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FISHER'S CAPITAL AND INCOME[1]

THE Nature of Capital and Income is of that class of books that have kept the gild of theoretical economists content to do nothing toward "the increase and diffusion of knowledge" during the past quarter of a century. Of this class Mr. Fisher's work is of the best —thoughtful, painstaking, sagacious, exhaustive, lucid, and tenaciously logical. What it lacks is the breath of life; and this lack it shares with the many theoretical productions of the Austrian diversion as well as of the economists of more strictly classical antecedents. Not that Mr. Fisher's work falls short of its promise, and assuredly it does not fall short of the mark set by those many able men who have preceded him in this field. No reader of Mr. Fisher can justly feel disappointed in his performance of the difficult task which he sets himself. The work performs what it promises and does it in compliance with all the rules of the craft. But it does not set out substantially to extend the theory or to contribute to the sum of knowledge, either by bringing hitherto refractory phenomena into the organized structure of the science, or by affording farther or more comprehensive insight into the already familiar processes of modern economic life. Consistently with its aim, it is a work of taxonomy, of definition and classification; and it is carried through wholly within the limits imposed by this its taxonomic aim. There are many shrewd observations on the phenomena of current business, and much evidence of an extensive and intimate acquaintance with such facts of modern culture as are still awaiting scientific treatment at the hands of the economists (*e. g.*, in chapters v and vi, "Capital Accounts" and "Capital Summation," as also in chapters viii, ix, xiii, xiv, "Income Accounts," "Income Summation," "Value of Capital," "Earnings and Income," "The Risk Element"). But the facts of observation so drawn into the discussion are chiefly drawn in to illustrate or fortify an argument, somewhat polemical, not as material calling for theoretical explanation. As affects the development of the theory, these observations and this information run along on the side and are not allowed to disturb the argument in its secure march toward its taxonomic goal.

There is no intention here to decry taxonomy, of course. Definition and classification are as much needed in economics as they are in

[1] The Nature of Capital and Income. By Irving Fisher. New York, The Macmillan Company, 1906.—xxi, 427 pp.

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those other sciences which have already left the exclusively taxonomic standpoint behind. The point of criticism, on this head, is that this class of economic theory differs from the modern sciences in being substantially nothing but definition and classification. Taxonomy for taxonomy's sake, definition and classification for the sake of definition and classification, meets no need of modern science. Work of this class has no value and no claims to consideration except so far as it is of use to the science in its endeavor to know and explain the processes of life. This test of usefulness applies even more broadly in economics and similar sciences of human conduct than in the natural sciences, commonly so-called. It is on this head, as regards the serviceability of his taxonomic results, that Mr. Fisher's work falls short. A modern science has to do with the facts as they come to hand, not with putative phenomena warily led out from a primordial metaphysical postulate, such as the "hedonic principle." To meet the needs of science, therefore, such modern concepts as "capital" and "income" must be defined by observation rather than by ratiocination. Observation will not yield such a hard-and-fast definition of the term as is sought by Mr. Fisher and his co-disputants, a definition which shall mark off a pecuniary concept by physical distinctions, which shall be good for all times and places and all economic situations, ancient and modern, whether there is investment of capital or not.

"Capital" is a concept much employed by modern men of affairs. If it were not for the use of the concept in economic affairs—its growing use for a century past—the science would not be concerned about the meaning of the term today. It is this use of the concept in the conduct of affairs that obtrudes it upon the attention of economists; and it is, primarily at least, for a better knowledge of these pecuniary affairs, in which the concept of capital plays so large a part, that a better knowledge of the concept itself is sought. As it plays its part in these affairs of business, the concept of capital is, substantially, a habit of thought of the men engaged in business, more or less closely defined in practice by the consensus of usage in the business community. A serviceable definition of it, therefore, for the use of modern science, can be got only by observation of the current habits of thought of business men. This painfully longwinded declaration of what must appear to be a patent truism so soon as it is put in words may seem a gratuitous insistence on a stale commonplace. But it is an even more painfully tedious fact that the current polemics about "the capital concept" goes on year after year without recognition of this patent truism.

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What may help to cover, rather than to excuse, the failure of many economists to resort to observation for a knowledge of what the term "capital" means is the fact, adverted to by the way in various writers, that business usage of the term is not uniform and stable; it does not remain the same from generation to generation; and it cannot, at least as regards present usage, be identified and defined by physical marks. The specific marks of the concept—the characteristics of the category—in the common usage are not physical marks, and the categories with which it is, in usage, related and contrasted are not categories that admit of definition in material terms; because it is, in usage, a pecuniary concept and stands in pecuniary relations and contrasts with other categories. It is a pecuniary term, primarily a term of investment, and as such, as a habit of thought of the men who have to do with pecuniary affairs, it necessarily changes in response to the changes going forward in the pecuniary situation and in the methods of conducting pecuniary affairs. "Capital," in the usage of current business, undoubtedly has not precisely the same meaning as it had in the corresponding usage of half a century ago; and it is safe to say that it will not retain its present meaning, unimpaired and unimproved, in the usage of ten years hence; nor does it cover just the same details in one connection as in another. Yet business men know what the term means to them. With all its shifting ambiguities, they know it securely enough for their use. The concept has sufficient stability and precision to serve their need; and, if the economist is to deal with the phenomena of modern life in which this concept serves a use of first-rate importance, he must take the term and the concept as he finds them. It is idle fatigue to endeavor to normalize them into a formula which may suit his prepossessions but which is not true to life. The mountain will not come to Mahomet.

It is not for its idiosyncrasies that Mr. Fisher's analysis and formulation of the "capital concept" merits particular attention, but because it is the most elaborate outcome of classificatory economics to this date. Except for certain minor features—important, no doubt, within the school—his definition of capital is by no means a wide departure. It is only worked out more consistently, painstakingly and circumspectly than has hitherto been done. Some of these special features peculiar to Mr. Fisher's position have been carefully and very ably discussed by Mr. Fetter.[1] The merits of the discussion of these

[1] *Journal of Political Economy*, March, 1907, "The Nature of Capital and Income." See also Mr. Fisher's reply in the same journal, July, 1907,—"Professor Fetter on Capital and Income."

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matters between the critic and his author, with the incidental balancing of accounts, need not detain the present argument. Nor need particular attention here be given to the points in dispute so far as regards their consistency with the general body of theory upheld by Mr. Fisher and other economists who cultivate the classificatory science. But there are some details of the "nature of capital" as set forth by Mr. Fisher —and in large part assented to by Mr. Fetter and others of the like way of thinking—that require particular attention as regards their adequacy for other purposes than that of a science of classification.

(1) In the general definition of "capital" (*e. g.*, pp. 51–53, 66–68, 324), the concept is made to comprise all wealth (in its relation to future income); and "wealth" has, in the same as well as in earlier pages, been defined "to signify material objects owned by human beings," which, in turn, includes all persons, as well as other material objects. As an aggregate, therefore, as an outcome of a comprehensive "capital summation," "capital" comprises the material universe in so far as the material universe may be turned to use by man (see p. 328). This general definition includes too much and too little. A serviceable definition of capital, one that shall answer to the concept as it is found in practice in the habits of thought of business men, will not include persons. Hitherto, there is no question, the distinction between the capitalist and his capital is not disregarded by practical men, except possibly by way of an occasional affectation of speech; and it is highly improbable that, at any point in the calculable future, business men can come habitually to confuse these two disparate concepts. Modern business proceeds on the distinction. It is only in pulpit oratory that a man's person is legitimately spoken of as an item of his assets. And as for a business man's capitalizing other persons, the law does not allow it, even in the form of peonage. There are also other material objects "under the dominion of man" which are not currently thought of as items of capital.

There are apparently two main perplexities of the mechanical classification which constrain Mr. Fisher to include the person of the owner among the owner's assets as capital: (a) Contrary to business usage, he is required by his premises to exclude immaterial wealth because it is not amenable to classification by mechanical tests, and it is therefore necessary to find some roundabout line of approach to such elements as good will, and the like;[1] and (b) persons are conceived to yield

[1] See chapter ii, section 6, pp. 24–31; also section 10.

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income (in the sense of Mr. Fisher's definition of "income," presently to be noted), and since capital is held to be anything which yields "income"—indeed, "capital" is such by virtue of its yielding "income"—persons are included under "capital" by force of logic, though contrary to fact.

(2) As has already been indicated in passing, "immaterial wealth," or "intangible assets," is excluded from "capital" in Mr. Fisher's analysis. Indeed, the existence of intangible assets is denied. The phrase is held to be an untoward misnomer for certain classes of property rights in material objects which are not wholly owned by the individual to whom these property rights inure. An important part of these incomplete property rights are rights of quasi-ownership in other persons, or claims to services performed by such persons. This denial of immaterial wealth Mr. Fisher intends as a salutary correction of current business usage (see p. 39); and he takes pains to show how, by a cumbersome ratiocination (see chapter ii, sections 6–10), the term "intangible assets" may be avoided without landing the theory in the instant confusion which a simple denial of the concept would bring about. As a correction of current usage the attempted exclusion of intangible assets from "capital" does not seem a wise innovation. It cripples the definition for the purposes which alone would make a definition worth while. The concept of intangible assets is present in current usage on no such doubtful or precarious tenure as could be cancelled by a bit of good advice. Its vogue is growing and its use is becoming more secure and more definite. The habit and the necessity of taking account, under one name or another, of the various immaterial items of wealth classed as intangible assets counts for more and more in the conduct of affairs; and any theory that aims to deal with the actualities of modern business will have to make its peace with the term or terms by which these elements of capital are called, however wrong-headed a habit it may be conceived to be. The men of affairs find the concept serviceable, or rather they find it forced upon them, and the theorist of affairs cannot afford to dispense with a concept which is so large a constituent in the substance of affairs.

But the fault of the definition at this point is more serious than the mere exclusion of a serviceable general term which might be avoided by a circumlocution. "Intangible assets" is not simply a convenient general term covering certain more or less fluctuating property rights in certain material items of wealth. The elements of capital so designated are chiefly of the nature of differential advantages of a given business man, or a given concern, as against another. But they are

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capitalized in the same way as tangible items of wealth are capitalised, and in large part they are covered by negotiable securities, indistinguishable, and in most cases inseparable from, securities representing tangible assets. So, being blended in the process of capitalization with the tangible assets, the securities based on the intangible assets create claims of ownership co-ordinate with those based on the material items and enter, in practice, into "capital summation" on the same footing as other items of wealth. Hence they become a basis of credit extensions, serving to increase the aggregate claims of creditors beyond what the hypothecable material wealth of the debtors would satisfy. Hence, in a period of general liquidation, when the differential advantages of the various concerns greatly contract, the legitimate claims of creditors come greatly to exceed the paying capacity of debtors, and the collapse of the credit system follows. The failure of classical theory to give an intelligent account of credit and crises is in great part due to the habitual refusal of economists to recognize intangible assets, and Mr. Fisher's argument is, in effect, an accentuation of this ancient infirmity of the classical theory.

It may be added that differential competitive advantages can not be added together to make an aggregate, even apart from the tangible items of "capital wealth," since the advantage of one concern is the disadvantage of another. These assets come forth, grow great, and decay, according to the advance or decline of the strategic advantage achieved by given individuals or business concerns. Their "summation" is a spurious summation, in the main, since they represent competitive advantages, in the main; and their capitalization adds a spurious volume to the aggregate property rights of the community. So that it follows from the capitalization of these items of differential wealth, particularly when they are covered by vendible securities, that the aggregate property rights of the community come to exceed the aggregate wealth of the community.[1] This is, of course, a sufficiently grave trait of the modern business situation, but the effect of Mr. Fisher's contention is to deny its existence by the turn of a phrase and to put economic theory back where it stood before the modern situation had arisen. There are other turns in modern business affairs traceable to the vogue of this concept of "intangible assets," but this illustration of its grave consequences should be a sufficient caution to any taxonomist who endeavors to simplify his scheme of definition by denying inconvenient facts.

[1] Contrary to Mr. Fisher's elaborate doctrine of property rights as defined by mechanical limits.—Chapter ii.

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The point is perhaps sufficiently plain from what has been said, but it will bear specific mention that the apparent success of Mr. Fisher's analysis of intangible assets (pp. 32–40, 96–97) is due to his not going beyond the first move. So soon as the actualities of business complication and the cumulative effects of capitalization are taken into account, it is evident that, with the best intentions, Mr. Fisher's explanation of intangible assets as a roundabout claim to certain concrete (tangible) items of wealth will not serve. The treatment of credit suffers from a like unwillingness to accept the facts of observation or to look farther than the first move in an analysis. This shortsightedness of the taxonomic economist is a logical consequence of the hedonistic postulates of the school, not a personal peculiarity of the present or any other author.

As to Mr. Fisher's definition and handling of the second concept with which the book is occupied—income—much the same is true as of the discussion of capital. Income is re-defined with a close adherence to the logic of that hedonistic-taxonomic system of theory for which he speaks. The concept of income here offered is more tenaciously consistent with the logical run of current classificatory economics, perhaps, than any that has been offered before. It is the perfect flower of economic taxonomy, and it shows, as no previous exposition of the kind has shown, the inherent futility of this class of work for other than purely taxonomic ends.

The concept of income, like that of capital, is well at home in current business usage; and, professedly, it is the concept of income as it plays its part in the affairs of business that occupies the author's attention. But here, again, as before, the definition—"the nature of income"—is not worked out from observation of current facts, with an endeavor to make the demarcation of the concept square with the habitual apprehension of the phenomena of income in the business community. Taken at its current import, as the concept is taken in the run of business and in the economic affair of any community of men dominated by the animus of business enterprise, there can be no question but that "income" is a pecuniary concept; it is money income, or is as an element which is convertible into terms of money income and amenable to the pecuniary scheme of accountancy. As a business proposition, nothing that can not be rated in terms of money income is to be accounted income at all; which is the same as saying that no definition which goes beyond or behind the pecuniary concept can be a serviceable definition of income for modern use. There may be something beyond or behind this pecuniary concept which it may be

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desirable to reach and discuss for some other purpose more or less germane to the affairs of modern life; but such a something, whatever its nature, can not be called "income" in the same sense in which that term is employed in modern business usage. When the term is applied to such an extra-pecuniary or praeter-pecuniary concept, such an extension of the term is a rhetorical license; it is a figure of speech which is bound to work confusion in any argument or analysis that deals with the two inconvertible concepts. "Income," in modern usage, is a business concept; "psychic income" is not; and, as Mr. Fisher is in an eminently good position to admit, the two are incommeasurable, or rather disparate, magnitudes. The one can not be reduced to terms of the other. This state of the case may be deprecated, but it can not be denied; and it is no service to the science of modern economic life to confuse this distinction by running the two in under one technical term.

Chapter xiv ("Earnings and Income"), and more particularly the latter sections of the chapter, illustrate how far from facts one may be led by a consistent adherence to Mr. Fisher's hedonistic working-out of the concept of income. "To regard 'savings' as income is essentially to regard an increase of capital as income" (pp. 254–255). Now, apart from the hedonistic prepossession, there is, of course, no reason for not regarding such an increase of capital as income. The two ideas—"income" and "increase of capital"—are by no means mutually exclusive in the current usage; and ordinarily, so long as the terms are taken in their current (pecuniary) meaning, such an increase of capital would unhesitatingly be rated as income to the owner. The need of making "income" and "increase of capital" mutually exclusive categories is a need incident to a mechanically drawn scheme of classification, and it disappears so soon as classification for classification's sake is given up. It is traceable to a postulated (hedonistic) principle presumed to rule men and things, not to observation of the run of facts in modern life. Indeed, even in Mr. Fisher's analysis the distinction goes into abeyance for a while where, in the doctrine of "capital value" (chapter xiii, especially section 11, and chapter xviii, section 2) the facts will absolutely not tolerate its being kept up. The hedonistic taxonomy breaks down at this juncture. And the fact is significant that this point of doctrine—*viz.*, that capital considered as a magnitude of value "is the discounted value of the expected income"—is the latest and most highly prized advanced in economic theory to whose initiation Mr. Fisher's writings give him a defensible claim.[1]

[1] *Cf. Journal of Political Economy*, papers cited above.

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The day when Bentham's conception of economic life was serviceable for the purposes of contemporary science lies about one hundred years back, and Mr. Fisher's reduction of "income" to "pyschic income" is late by that much. The absolute merits of the hedonistic conception of economic theory need not be argued here. It was a far-reaching conception, and its length of life has made it a grand conception. But great as may be the due of courtesy to that conception for the long season of placid content which economic theory has spent beneath its spreading chestnut tree, yet the fact is not to be overlooked that its scheme of accountancy is not that of the modern business community. The logic of economic life in a modern community runs in terms of pecuniary, not of hedonistic magnitudes.

Mr. Fisher's farthest advance, his definition and handling of "capital value," involves the breaking down of the classical hedonistic taxonomy; and the breakdown is typical of the best work done by the school. This move of the classifiers is, of course, nothing sudden; nor is it an accident. It means, in substance, only that the modern facts have increasingly shown themselves incompatible with the mechanical scheme of classical definitions, and that this discrepancy between the facts and the received categories has finally forced a breaking away from the old categories. The whole voluminous discussion of the capital concept, for the past twenty years or so, has, indeed, turned about this discrepancy between business practice and the hedonistic classification by means of which economists have tried to deal with this business practice. All expedients of classification, definition, refinement and interpretation of technical phrases have been tried, except the surrender of the main position—that economic conduct must be read in terms of the hedonistic calculus.[1]

Under the stress of this controversy of interpretation, the hedonistic concept of capital as a congeries of "productive goods" has gradually and reluctantly, but hitherto not wholly, been replaced by something more serviceable. But this gain in serviceability has been won—in so far as the achievement may be spoken of in the past tense—at some cost to the hedonistic point of view. Such serviceability as the newly achieved interpretation of the capital concept has, it has because, and only so far as, it substitutes a pecuniary for a hedonistic construction of the phenomena of capitalization. Among those who speak for the new (pecuniary) construction is Mr. Fisher, although he is not by any

[1] The argument will return to the hedonistic calculus presently to show how the logic of this calculus has forced the theory at certain points.

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means the freest of those who are breaking away. His position is, no doubt, deprecated by many taxonomic economists as being an irreverently, brutally iconoclastic innovation, quite indefensible on taxonomic grounds; but, after all, as Mr. Fetter has shown in more courteous words,[1] it is an equivocal, or perhaps rather an irresolute position at the best.

"Capital," in the classical definition, was, as required by the hedonistic point of view, a congeries of what has latterly been named "productive goods." From such a concept of capital, which is hopelessly and increasingly out of touch with business usage, the theorists have been straining away; and Mr. Fisher has borne a large part in the speculations that are leading up to the emancipation of theorists from the chore work required by that white elephant. But he is not content formally to give up the heirloom; although, as Mr. Fetter indicates, he now makes little use of it except for parade. He offers two correlate definitions of capital: "capital wealth," *i. e.*, productive goods, and "capital value," *i. e.*, pecuniary capital.[2] The former of these, the authentic hedonistic concept, shortly drops out of the discussion, although it does not drop out so tracelessly as Mr. Fetter's criticism may suggest. The argument then proceeds, almost throughout, on the concept of "capital value."[3] But there is a recurrent, and, one is tempted to say, dutiful, reminder that this "capital value," or capitalization of values, is to be taken as the value of a congeries of tangible objects (productive goods); whereby a degree of taxonomic consistency with the authentic past and with the hedonistic postulate is formally maintained, and whereby also, dutifully and authentically, intangible assets are excluded from the capital concept, as already indicated above. Capital value is "simply the present worth of the future income from the specified capital"[4] (p. 202); but this capital value, it is held, is always the value of tangible items (including persons?).

It is the uncanny office of the critic to deal impersonally with his author's work as an historical phenomenon. Under cover of this

[1] *Journal of Political Economy*, as above, pp. 143–144.

[2] Pp. 66–67, 327, and elsewhere.

[3] Mr. Fetter, in advance of Mr. Fisher in the position taken if not in priority of departure, advocates discarding the older (authentic hedonistic) concept, in form as well as in fact.

[4] In this and similar passages Mr. Fisher appears to be in search of a more competent phrase, which has been used, but which he apparently has not met with—"putative earning-capacity." Certain infirmities of such a definition, whether under one phrase or another, for the taxonomic purpose, will be indicated presently.

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license it may be pardonable to speak baldly and broadly of the logic of this retention of the authentic postulate that physically productive goods (including persons) alone are to be included in the capitalization out of which capital value emerges. And what is here said in this connection is not to be taken as a presumptuous make-believe of reproducing the sequence of ideas by which Mr. Fisher has arrived at the position set forth in this book. It is only an attempt to trace the logical sequence between the main hedonistic body of theory and the historical outcome of its development at this point.

In the classical-Austrian scheme of theory the center and circumference of economic life is the production of what a writer on ethics has called "pleasant feeling." Pleasant feeling is produced only by tangible, physical objects (including persons), acting somehow upon the sensory. The inflow of pleasant feeling is "income,"—"psychic income" net and positive. The purpose of capital is to serve this end—the increase of pleasant feeling—and things are capital, in the authentic hedonistic scheme, by as much as they serve this end. Capital, therefore, must be tangible, material goods, since only tangible goods will stimulate the human sensory pleasantly. Intangible assets, being not physical, do not impinge upon the sensory; therefore they are not capital. Since they unavoidably are thrown prominently on the screen in the show of modern life they must, consistently with the hedonistic conception, be explained away by construing them in terms of some authentic category of tangible items.

There is a second line of approach to the same conclusion comprised in the logical scheme of hedonistic economics, more cogent on practical grounds than that sketched above and perhaps of equally convincing metaphysical force. The hedonistic (classical-Austrian) economics is a system of taxonomic science—a science of normalities. Its office is the definition and classification of "normal" phenomena, or, perhaps better, phenomena as they occur in the normal case. And in this normal case, when and so far as the laws of nature work out their ends unvitiated, nature does all things well. This is also according to the ancient and authentic canons of taxonomic science. In the hedonistically normal scheme of life wasteful, disserviceable or futile acts have no place.[1] The current competitive, capitalistic business scheme of life is normal, when rightly seen in the hedonistic light. There is not (normally) present in it anything of a wasteful, disserviceable or futile

[1] *Cf.*, *e. g.*, Clark, Essentials of Economic Theory, *passim*.—"Each man who gets, in a normal way, any income at all performs one or more productive functions" *etc.*—p. 92.

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character. Whatever phenomena do not fit into the scheme of normal economic life, as tested by the hedonistic postulate, are to be taken account of by way of exception. If there are discrepancies, in the way of waste, disserviceability or futility, *e. g.*, they are not inherent in the normal scheme and they do not call for incorporation in the theory of the situation in which they occur, except for interpretative elimination and correction. In this course the hedonistic economics, with its undoubting faith that whatever (normally) is is right, simply follows the rule of all authentic taxonomic science.

As indicated above, the normal end of capital, as of all the multifarious phenomena of economic life, is the production of pleasure and the prevention of pain; and in the Benthamite system of theory—which includes the classical-Austrian economics—the normal end of the life of man in society, economic and otherwise, is the greatest happiness of the greatest number. Such may not be the outcome in any given actual situation, but in so far as such is not the outcome the situation departs from the normal; and such departures from the normal do not properly concern the (hedonistic) "science" of economics, but fall authentically to the care of the "art" of economics, whose concern it is to find correctives for these, essentially sporadic, aberrations. Under the rule of normal serviceability nothing can be included in the theoretically right "capital summation" which does not go to swell the aggregate of hedonistic "services" to man—nothing which is not "productive," in the sense of increasing the well-being of mankind at large. Persons may, indeed they "normally" should always, be productive in this sense, and persons, therefore, should properly be included in the capital summation.[1]

[1] What is to be done, theoretically, with persons leading disserviceable or futile lives, "undesirable citizens," does not clearly appear. They are undesirable, but they are of the human breed and so are presumably to be included in the normal human aggregate whose "greatest number" are elected for the "greatest happiness by the (normally) benevolent laws of nature. The suggestion is, of course, obvious that they should be deducted from the gross aggregate of items—*i. e.*, algebraically added in as negative magnitudes—so as to leave a net algebraic sum of positively serviceable capital goods, including persons. The like might apparently be done with impersonal material items which are wastefully or noxiously employed.

But the converse suggestion is at least equally cogent, that such disserviceable items, personal and impersonal, are simply abnormal, aberrant, exceptional, and that therefore they simply drop tracelessly out of the theoretical scheme, so as to leave the theoretically correct "summation" as large as it would be had these disserviceable negative items not been present. That is to say, the theoretically correct net aggregate serviceability is the same as the gross serviceability, since the negative quantities

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In this normalized scheme of economic life all claims represented by negotiable instruments, *e. g.*, must be led back, as is done by Mr. Fisher,[1] to tangible items of serviceable goods; and in its application to the concrete case, the actual situation, it follows from this rule that all such instruments are, normally, evidences of the ownership of such tangible items as serve the material needs of mankind at large. It follows also that there are, normally, no items of differential serviceability included among the property rights covered by negotiable instruments; that in the hedonistic theory of business there are no differential advantages and no differential or competitive gains; that the gain of each business man is, at the most, simply the sum of his own contributions to the aggregate of services that maintain the life and happiness of the community. This optimistic light shed on the business situation by the hedonistic postulate is one of the most valued, and for the wise quietist assuredly the most valuable, of the theoretical results following from the hedonistic taxonomy. And this optimistic light will fall with the surrender of the authentic position that capital is a congeries of physically productive goods. But while this light lasts the hedonistic economist is able to say that, although the scheme of economic life contemplated by him as normal is a competitive system, yet the gains of the competitors are in no degree of a competitive character; no one (normally) gains at the cost of another or at the cost of the community at large; nor does any one (normally) turn any part of his equipment of capital goods to use for a competitive or differential advantage. In this light, the competitive struggle is seen to work out as, in effect, a

actually present among the aggregate of items are not normally present, and are, therefore, theoretically non-existent.

There is a third alternative. The abnormal disserviceable items being indubitably present in fact, and some part of them being present with the hedonistically sacred stamp of the human breed, it may be that, in the apprehension of the adepts, should this problem of taxonomy present itself to them, at least so much of the disserviceable productive goods as are human beings should be counted in; but, since they are persons, and since it is the normal estate of man to be serviceable to his fellows, they should be theoretically counted as normally serviceable, and therefore included in the net aggregate of serviceability at the magnitude of serviceability normally imputable to them. What rule should guide in fixing the true magnitude of imputed normal serviceability for such disserviceable persons in such a case is a further problem of taxonomy which would take the present argument too far afield. This much seems clear, however, that under this third alternative the net aggregate serviceability to be imputed to the sum of capital goods (including persons) should exceed the actual aggregate serviceability by the addition of an amount approximately equal to the disservice rendered by the disserviceable persons in question.

[1] Chapter ii, especially sections 4–9, and pp. 93–96.

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friendly rivalry in the service of mankind at large, with an eye single to the greatest happiness of the greatest number. If intangible assets are recognized by the theory this comforting outlook on the business situation fails, because intangible assets are, in the main, of a differential effect only. Hence they are excluded by the logic of the hedonistic taxonomy.

Returning to a point left uncovered above (p. 120), it may be in place to look more narrowly into the definition of capital as "capital value" arrived at by Mr. Fisher, ably spoken for by Mr. Fetter, and apparently in train to be accepted by many economists interested in questions of theory.[1] On its face this formulation seems definite, tangible and stable enough. Such a concept appears to serve the needs of business traffic. But it is a more delicate question, and more to the present purpose, whether the definition has the requisite stability and mechanical precision for the purposes of a taxonomy such as Mr. Fisher's, which seeks to set up mutually exclusive categories of things distinguished from one another by statistically determined lines of demarkation. The question obtrudes itself, as regards this putative value of expected income: Whose imputation of value is to be accepted? Value, of course, is a fact of imputation; and it may seem a ready solution to say that the decision in this question of appraisement is rendered by a consensus of imputation between or among the parties concerned in the capitalization. This consensus would be shown concretely by market quotations of securities, and it would be shown in generalized form by the familiar diagrams offered by all taxonomists of the marginal-utility school. But, concretely, there is not always a consensus of imputations as to the expected value of a given flow of income; in the case of unlisted securities, as well as of other capitalizable property in like case, the appeal to a consensus fails. And, in point of taxonomic theory, the marginal-utility curves apply to the case in hand only when and in so far as the property in question is the subject of a bargain; and, further, the diagrams of intersections and the

[1] "The value of capital is the discounted value of the expected income" (p. 328). "It is found by discounting (or 'capitalizing') the value of the income expected from the wealth of property" (p. 330). "Capital to-day may be defined as economical wealth expressed in terms of the general unit of value." (Fetter, Principles of Economics, p. 115). . . "every good becoming capital when it is capitalized, that is, when the totality of its uses is expressed as a present sum of values" (*Ibid.*, p. 116.) It has elsewhere been characterized as "capitalization of putative earning capacity." The latter is perhaps the more serviceable definition, being nearer to the concept of capital current in the business community.

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like are of no avail for the cases, frequent enough in practice, where bargains are struck at the same time for different lots of the same line of goods at different heights on the ordinate. It is only by virtue of broad and intenable generalizations concerning the higgling of the market that the diagrams appear to cover a general proposition as to the actual value of property. The upshot of the matter is that a given block of capital need not, in practice it frequently does not, have one particular value at a given time; no more than a given expected flow of income need have one particular value alone imputed to it by all, or by a consensus of, the various parties in interest.

A summary review of an actual case taken from current busines traffic may illustrate some of the difficulties of arriving, in detail, at such a definite and stable determination of capital value as will serve the needs of "capital summation" as expounded by Mr. Fisher.

A relatively small and inconspicuous corporation managed by two men, A and B, had for a series of years been doing a successful, conservative business in one of the necessaries of life, and had achieved an enviable reputation for efficiency and reliability; that is to say, it had accumulated a large and valuable body of "good will." The only form of securities outstanding was common stock, unlisted, and held by relatively few stockholders. During the late winter and spring of the present year, (1907), the managers of the company gathered from the course of the market that business in their line would probably slacken off appreciably in the immediate future, with small chance of a prompt recovery. They determined to sell out and withdraw to another line of business, not similarly dependant on prices. To this end they set about buying in all the stock of their company, A–B, with a view to selling out the going concern to another corporation, C–D, whose appraisement of the future (imputation of value) was apparently more sanguine than their own. The outstanding shares of stock were bought in, during a period of some six weeks, by A and B bargaining separately with the several stockholders as opportunity offered, at prices ranging from about 105 to about 125. Meantime, negotiations had been going forward with company C–D for the sale of the concern as a whole on the basis of an inventory of the plant, including the stock of goods on hand. Both the plant and the stock of goods were somewhat extensive and scattered. With the inventory as a basis the concern was sold at an aggregate price which included a fair allowance for the intangible assets (good will) of the going concern. The inventory was taken on the basis of the last previous monthly price-current, and the transfer to C–D took place on that basis. As counted on by A–B, and as ap-

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parently not counted on by C–D, the next succeeding monthly price-current showed a decline in the market value of the stock of goods on hand of some nine or ten per cent; and the subsequent course of the market, as well as of the volume of traffic in this line of business, has been of the same complexion. The transfer of the concern, all told, from A–B to C–D took place at figures which aggregated an advance of some 25 per cent over the cost to A and B, counting the stock of the corporation at an average of the prices paid by them for such shares of stock as they bought in from other stockholders, which was rather more than one-half of all the outstanding stock.

The question now is: What, for purposes of "capital summation," should be taken as the basis of the capital value of corporation A–B last spring, say, at the date of the transfer to C–D, or at any date during the buying-in of the outstanding stock? During all this time the "capital value" must have been something over 100 per cent of the nominal capital, since none of the stock was bought at less than 105. But the shares of stocks were bought in, scatteringly, from 105 to 125, with an average in the neighborhood of 115; while the aggregate price of the going concern at the same time seems to have been in the neighborhood of 140 per cent of the nominal capitalization. Should the last transaction in the purchase of stock from day to day, running incertainly between 105 and 125, be construed to revise the "capital value" of the concern to that date? This would make the "capital value" skip capriciously back and forth within the 20 points of the margin, in attendance upon the last previous "consensus of imputation" between a given seller and one or the other of the two buyers. The final average of, say, 115, had not at that time been established, so that that figure could not be taken as a basis during the interval. Or should the stipulated price of the going concern rule the case, in the face of these transactions taking place at figures incompatible with it? Again, at the date of the transfer to C–D, was the "capital value" immediately before the transfer the (indefinite) rating given by the then owners, A and B; and was it, the next minute, to be counted at the price paid by C–D; or, at the nominal capitalization; or, at the (indefinite) figure at which C–D might have been willing to sell? What further serves to muddle the whole question is the fact that the transfer price of the going concern had been agreed upon between A–B and C–D before the whole amount of the outstanding stock had been bought in by A–B.

This case, which is after all sufficiently commonplace, offers a chance for further refinements of confusion, but what has been said may serve

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to illustrate the point in question. The difficulty, it will be noticed, is a difficulty of classification, not of business procedure. There are no difficulties of mutual intelligibility among the various parties engaged in the transactions. The difficulties arise when it is attempted to define the phenomena for some (taxonomic) purpose not germane to the transactions in question, and to draw lines of demarkation that are of no effect in the business affairs in which these phenomena arise. The resulting confusion marks a taxonomic infirmity in the proposed capital concept, due to an endeavor to reach a definition from a metaphysical postulate (of hedonism) not comprised among the postulates on which business traffic proceeds.

This fable teaches that it is a wise hedonist who keeps his capital concept clear of all entanglement with "capital value," and, more particularly, with the live business notion of capitalized earning-capacity.

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THORNSTEIN VEBLEN.

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REVIEWS

The Reconstruction Period. By PETER JOSEPH HAMILTON. Philadelphia, George Barrie and Sons, 1905.—xxi, 571 pp.

The Rise of the New South. By PHILIP ALEXANDER BRUCE. Philadelphia, George Barrie and Sons, 1905.—xxi, 491 pp.

These books constitute volumes xvi and xvii of *The History of North America*, a series edited, at the outset, by Guy Carleton Lee, now by Francis Newton Thorpe. If every section of the Union receives the same generous allotment of space and attention that is given to the South, this particular monographic history is bound to be a notable one, at any rate in bulk. The two volumes before us deal almost exclusively with the region in which slavery existed until the Civil War, and cover only the period since 1865. Mr. Hamilton's subject does not seem to require that he confine himself to the one section, but he has chosen practically to do so; only two of his twenty chapters—50 of his 550 pages of text—purport to deal with affairs outside of the South. Mr. Bruce's volume is limited by its title to Southern affairs, and there is no tendency whatever in the text to evade the restriction thus imposed.

The selection of authors for these volumes reflects much credit on the editor. Messrs. Hamilton and Bruce are both Southerners, both of the generation that has reached maturity since the completion of Reconstruction, both of inherited culture and of university training and both experienced investigators in various fields of Southern history. The time has gone by when birth or training east of the Connecticut River was indispensable to any acceptable interpretation of our national history, and the time is fully come when a Southern point of view can contribute most effectively to the clarification of our traditions and our ideals.

The plan of this history does not contemplate, however, any striving after new or startling treatment of its subject-matter. The work is popular rather than scientific, so far as these terms are antithetic. There are no footnotes; there are many pictures; and the pictures are obviously chosen and distributed through the volumes by the publishers rather than the authors. It certainly was not Mr. Hamilton who

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garnished his account of the settlement of 1877 by a flashlight photograph of the "Room at New Orleans in which Jefferson Davis died," and illuminated the administration of Governor Brownlow in Tennessee by a portrait of "Thomas Hart Benton." Nor should Mr. Bruce be held responsible for the light thrown on the political condition of the new South by the snapshots of "The heart of a swamp on Pearl River" and "A pioneer's cabin on the shore of Lake Worth," or for the illustration of present railway growth by a view of the "Cathedral of the Archdiocese of Baltimore."

Mr. Hamilton's account of the reconstruction in the South is a plain, clear, straightforward and generally accurate narration of well-known occurrences. He has apparently used the best secondary and the most important primary sources. He so distributes the emphasis in his narrative as to reveal his convictions that the treatment of the vanquished by the victors was unjust and cruel, but he does not think of the difficulties of the problem which the Northern statesmen had to solve. To the honest but mistaken policy of Andrew Johnson he ascribes the ultimate responsibility for the most distressing features of Reconstruction—those, namely, that attended the imposition of unrestricted negro suffrage. The South suffered more, Hamilton says, from Johnson's friendship in opposing the fourteenth amendment than from his enmity on the question of secession (p. 220).

The chief features of carpet-bag and negro rule in each of the reconstructed states are given with some fullness and constitute a considerable portion of the volume. In so comprehensive an undertaking, small errors are inevitable. O. P. Morton was not a "leader of Congress" when the conflict between Johnson and the Radicals began, and was, moreover, at that time a warm supporter of the president, not an advocate of negro suffrage (p. 163). The Mechanics-Institute riot in New Orleans in 1866, and the Baxter-Brooks disturbance in Arkansas in 1874 are very erroneously described (pp. 301, 371). Hooker did not fight the battle of Fredericksburg, nor was it fought by anybody in 1863 (p. 464).

In the two chapters devoted to "Reconstruction at the North" and "A Centennial Settlement," the author's hold on his facts is often quite uncertain. He errs seriously in his statement as to the scope of the Missouri compromise and as to Henry Clay's connection with its enactment (p. 507). To General Thomas is wrongly assigned a part in the operations under Grant about Vicksburg (p. 417); Seward is twice represented as secretary of state under Grant (pp. 524, 527); it would be interesting to have explained how the hold of the spoils system

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on Congress was proved by the "salary grab" and the Credit Mobilier (p. 540).

All these and other errors do not, however, spoil the book. There might be quoted a far longer list of concise generalizations and happy phrases which give to Mr. Hamilton's work not only solid value but also at times an unmistakable charm. We may willingly tolerate a host of shortcomings in one who, modifying the familiar dictum of Matthew Arnold, sums up the religion of the negro as "emotion, slightly touched with morality" (p. 479)!

Mr. Bruce's volume at first sight unquestionably gives the impression that it is precisely what the editor assures us it is not—"a dry and lifeless report upon the condition of the South." Closer examination, however, justifies the editorial view. Despite the long series of uninviting statistical statements which constitute the bulk of the volume, the reader who follows them becomes gradually aware of a momentous historical process that takes shape out of the pages. The theme of the work is in fact a very remarkable instance of social and economic metamorphosis in a community not new, unsettled and easily moved, but old and firmly rooted in soil and tradition. The transformation of Japan from mediæval to advanced modern life hardly surpasses in dramatic interest the process which is still going on south of Mason and Dixon's line.

Mr. Bruce presents the facts of the process in a detailed statistical review of population, agriculture including forest products, fisheries, mining, manufactures, commerce, finance, transportation, winter-resort business, education, literature, social conditions and political conditions. A general summary (chap. xxxii) presents concisely the author's conclusions as to the significant features of the development he has traced. Seven facts represent what in the exuberance of his conviction are called in a single sentence (p. 455) the "kernel" of Southern achievement since the war, the "foundation stones" of material greatness and the "stars of hope that point to" increased intellectual strength in the future. The facts that serve these useful but rhetorically somewhat incompatible purposes are as follows: sub-division of lands; diversification of agriculture; growth of manufactures; extension and consolidation of railroads; spread of education; more rapid expansion of the white than of the black population; and restriction of the suffrage.

The economic transformations indicated by the first four items in this list are made perfectly clear by the statistical analysis, though the author's inferences are sometimes a little more optimistic, perhaps, than the facts warrant. The last three items are all thoroughly permeated,

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in their statistical support, by the influence of that problem on which, after all, the reader will inevitably tend to concentrate his attention—the problem of the races. On this point Mr. Bruce is a Southern white of the rational, not the emotional type. He believes that if the new South conforms in economic and social ideals and methods to the progressiveness and materialism of the North, the black race is doomed to ultimate extinction. The subdivision of the plantations, with the growth of small farming, will drive the negro to the towns, and the life of the towns will kill him off.

> The vaster the growth of the Southern states in wealth and white population, the sharper and more urgent will be the struggle of the black man for existence . . . . The day will come in the South, just as it came long ago in the North, when for lack of skill, lack of sobriety and lack of persistency the negro will find it more difficult to stand up as a rival of the white workingman. Already it is the ultimate fate of the negro that is in the balance, not the ultimate fate of the Southern states in consequence of the presence of the negro. The darkest day for the Southern whites has passed . . . . The darkest day for the Southern blacks has only just begun; for in this age of the world no race can in the long run hold its own in a civilized land unless it has all the moral qualities necessary to meet successfully the trying conditions of life prevailing in a highly organized modern community.

In the restriction of the suffrage by the Southern states Mr. Bruce sees not only a necessary means of removing the blacks from political influence, but also an important step toward the substitution of education and property for mere manhood as a general basis for the suffrage. He believes that the restriction will ultimately be enforced regardless of race, and that under such circumstances it will contribute much to restore the Southern states "to that commanding position in the Union to which they are justly entitled." Whatever we may think of Mr. Bruce's amiable excursions into prophecy, we cannot deny to him the credit for sound and substantial work in his proper field of history.

W. A. D.

Life and Public Services of William Pitt Fessenden. By FRANCIS FESSENDEN. Boston, Houghton, Mifflin and Company, 1907. Two volumes, vi, 374, 367 pp.

The subject of this biography belongs in that class of public men who accomplish a vast amount of work but who, perhaps more from lack of picturesqueness than of any other quality, are soon forgotten. Probably comparatively few living Americans could name a single measure with

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which William Pitt Fessenden was connected, or even tell in what period his activities fell. Yet for many years he was one of the foremost leaders of the United States Senate, was chairman of the committee on finance and then secretary of the treasury in one of the greatest crises of our history, was chairman of the important committee on reconstruction, was one of the ablest debaters and constitutional lawyers of his time, and probably did more than any other man to save a president of the United States from being deprived of his office. The present work is intended to rescue his memory from oblivion. The author, a son of the statesman and himself a gallant soldier in the Civil War, died before the manuscript was entirely ready for publication; and the final revision was made by another son, James D. Fessenden. The two volums consist in large measure of letters and of excerpts from the statesman's speeches and public papers. To the historian the book will be of value chiefly for these documents, especially for those that bear upon financial affairs, reconstruction, the effort on the part of the Republican senators to force Seward from the cabinet, and the impeachment of Johnson. Fessenden's opinions of the public men of the time are also interesting and to a certain extent illuminating. Of Daniel Webster, with whom he took a trip through the Middle West in 1837, he wrote that "Mr. Webster would never gain popularity by personal intercourse; to strangers he appeared repellant." His opinion of Lincoln is valuable as reflecting that of a large number of Republican leaders during the early years of the war. It is far from agreeing with the popular idea of the present day that Lincoln was a sort of demi-god. "The simple truth is," wrote Fessenden in January, 1863, "there never was such a shambling, half-and-half set of incapables collected in one government before since the world begun. I saw a letter this morning written in good English by the King of Siam to Admiral Foote, which had more good sense in it, and a better comprehensiveness of our troubles, I do verily believe, than *Abe* has had from the beginning." Even after he was a member of the cabinet, Fessenden wrote (August, 1864): "The president is too busy looking after the election to think of anything else. I am glad it is so, for the less he interferes in other matters the better for all concerned. Yet he is a man of decided intellect and a good fellow, able to do well any one thing if he was able or content to confine his attention to that thing until it was done. In attempting to do too many things he botches them all." In Fessenden's estimation, no other man rendered greater services, if as great, in suppressing the rebellion as Secretary Stanton. This view he continued to express even after relations between him and Stanton were at an end.

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In giving the book to the public the authors have performed a real service to history. Few biographies written by relatives show less bias—less of what Macaulay was fond of calling the *lues Boswelliana*. The narrative sometimes backs and fills in a manner that is confusing, and exception could easily be taken to some of the statements; yet, as a whole, the work has been well done. It is to be hoped that it will help to give Mr. Fessenden the place in history to which his great services undoubtedly entitle him. He was not what is called a "popular figure," and even in his own time he was less known than some men who did not have a tithe of his influence on events. He was regarded as being cold and excessively dignified; and, owing largely to bad health, he was so irascible that Senator Trumbull in the heat of debate once told him that he had alienated all his friends. But he was an able man, a conscientious public servant, an indefatigable worker, wise in council, pure in both public and private life, an undying enemy of all shams and sophisms, and he possessed to an eminent degree the respect even of those who did not love him. His name deserves to be remembered as among the foremost of those who in a time that tried men's souls wrought mightily for the preservation of the Union.

PAUL LELAND HAWORTH.

CLEVELAND, OHIO.

The American Revolution. By GEORGE OTTO TREVELYAN, Bart. Part III. Longmans, Green and Co., New York, 1907.—492 pp.

Those who have read the fascinating earlier volumes of Trevelyan's "American Revolution" will find in this new volume the same quaint and personal touch, the same exquisite satire, the same easy mastery of what the author knows about his subject, and epigrams fitted as nicely as ever into the serious portions of the text. There is, too, the old way of rambling, which carries the reader irresistibly along, but just as surely causing him to lose the logical development of the story. The pages abound in new lights—rush lights, in the main—upon the questions involved. They are largely personal matters and incidents hitherto ignored. Perhaps no other historian has had the happy art or the style which would admit of such intrusions into the narrative.

The author still remains the ardent Whig and the enthusiastic admirer of an idealized revolutionary America, yet with all his sympathy he has written an Englishman's history of the Revolution. This is chiefly shown in his lack of interest in American institutions and in his

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blindness to the political revolution which was going on here during the struggle for independence. He ignores the state constitutions and the rise of the democratic forces in the states. He shows (p. 29) an astonishing ignorance of the variety of the local government systems in the thirteen colonies, the county government in the South and the mixed township and county system in the middle states having never come to his attention. Again (page 89) he attributes to Washington and "sterling patriotism" the fact that the revolutionary excesses, the "Reign of Terror" and the suspension of the civil constitution by the military power, which characterized the French Revolution, did not appear in America. The stability of local government in America, which preserved order after the central authority was removed, has escaped Trevelyan's notice. The Loyalist is to him only an aggravated English Tory, who is always the villain in the play, sometimes to be pitied, more often to be despised (chap. ii). Trevelyan has depended largely upon Sabine for his knowledge of the Loyalists, and thus falls into such errors as when he ignores the services of the Loyalists—especially of the Northern and Middle States—in the British regular army (p. 51). He in no wise fairly estimates their services as loyal militia, and speaks (p. 144) as if the mere fact of their being Loyalists made them cowards. In general the author delights in taking a weak character, and heaping Pelions of reproach upon Ossas of condemnation. This may be seen especially in his treatment of Gates, Lee and Burgoyne. Congress too comes in for such treatment, and Trevelyan has the old-fashioned idea (pp. 24, 293) of its weakness being due to the poor material in its membership and to the democratic theories which led it to adopt the committee system of doing executive business. The truer explanation is that colonial or state jealousies made it impossible, as a rule, to let any one man, who must of course come from some one colony, take the whole responsibility for any important function of government.

The sources which the author has used are the well-known old ones. He is still giving full faith and credit to Gordon (p. 1), as if he were the Thucydides of the American war instead of the prince of plagiarists, which Mr. Libby has shown him to be (*Report of American Historical Association*, 1899, vol. i). The author has made no use of most important monographs, *e. g.*, Hatch, *Administration of the American Revolutionary Army*, Paullin, *The Navy of the American Revolution*, Flick, *Loyalism in New York*, Friedenwald, *Declaration of Independence*, Cross, *Anglican Episcopate*—all of which he needed greatly for the understanding of important phases of his subject. He

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has also missed many important magazine articles. Trevelyan is careful to acknowledge his quotations from other secondary authors, but there is no consistent effort to substantiate positive statements upon one or the other side of controverted points. Many notes are rather ornamental than useful. Magazine articles are often referred to by title with no indication of the place where they may be found, and, as there is no bibliography, verification is difficult.

The present volume closes with the formation of the French alliance, so that we may expect one if not two volumes more of this most entertaining of the histories of the American Revolution.

C. H. VANTYNE.

UNIVERSITY OF MICHIGAN.

The Spirit of American Government. By J. ALLEN SMITH. New York, The Macmillan Company, 1907.—xv, 409 pp.

In this volume the author undertakes to show that our constitutional system is not only undemocratic and out of harmony with the spirit of the twentieth century but is very largely answerable for the so-called evils of democracy. His first contention is that the framers of the federal constitution were conservative and extremely fearful of democracy, the fervor of the revolutionary days having made no impression on the staid and masterful men who composed the convention. In short Professor Smith holds with President Woodrow Wilson that the constitution was the outcome of a conservative reaction directed by "a strong and intelligent class, possessed of unity and informed by a conscious solidarity of material interests." Having crystallized their interests in the written document, the Fathers thereupon proceeded to protect the ruling minority forever by an amendment clause that made innovation practically impossible.

The central point of our author's criticism of the federal government is the Supreme Court, which he designates with Boutmy as "a small oligarchy of nine irremovable judges" (p. 99). In England, tenure during good behavior was established to secure the freedom of the judges from an irresponsible executive control while making them responsible to Parliament; in the United States, on the other hand, the design was to raise above the representatives of the people a political tribunal of limitless powers and beyond the reach of popular control, Hamilton's "seeming anxiety lest the legislative body should disregard the will of the people" being, according to Professor Smith "a mere demagogic attempt to conceal his real motive" (p. 83). The court

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therefore is a permanent bar to social progress, and instead of being a safeguard to democratic institutions it is more likely to be a serious menace to order and progress by restraining popular will to the danger point.

In the same category with the federal judiciary Professor Smith places the committee system in Congress, the prevailing party organizations and the check and balance doctrine—all of which tend to confusion and irresponsibility on the part of the government and open wide the door to those corrupt influences which are the real evils in our democracy. Here the writer has made all possible use of the criticisms advanced by Bryce, Ostrogorski and Goodnow, and he comes to the conclusion that our whole system—created in an age of semi-monarchical institutions—is out of harmony with the modern tendency toward unlimited but directly responsible government.

Turning from law to economics and sociology, Professor Smith argues that our political institutions are badly adapted to the work which social progress throws upon them. They were created in an age of agriculture and handicrafts—that is, of individualist production—and now they are expected to do efficient work in an economic system in which social production is the predominant feature.

While agreeing with Professor Goodnow (*Politics and Administration*, pp. 165, 166) that American government is not really popular, our author is more drastic in his proposals for reform. Radical changes in structure which Professor Goodnow believes to be out of the range of practical politics, Professor Smith advocates as highly desirable. The power of the courts to decide on the constitutionality of laws should be removed or subjected to popular will, and efforts to secure direct responsibility should be made at once—beginning perhaps in the state governments, along the line of the recent Oregon law designed to control, among other things, elections to the Federal Senate.

CHARLES A. BEARD.

Trattato di Politica Commerciale. By LUIGI FONTANA-RUSSO. Milan, Ulrico Hoepli, 1907.—xvi, 640 pp.

Students of international trade and commercial policy have long suffered from a lack of comprehensive treatises covering the general field of foreign trade. Monographs devoted to special phases of the theory or to particular periods of the history of commercial policy form an extensive literature; but for a broad treatment of principles we have been forced to rely upon the works of the classical economists and their modern disciples, like Bastable, which, while admirable in their un-

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compromising logic, are based upon premises that the modern student feels are too narrow to correspond with the facts of life. Professor Fontana-Russo has undertaken the task of summarizing what is most significant in the theory and practice of commercial policy. In his preface he modestly writes: "I do not know whether or not I have attained the object which I have attempted." The reader will have less doubt on the subject. There are many matters of detail, and some matters of principle, in which the author appears to be at fault; on the whole, however, the book is admirably suited to its purpose. Even where the reasoning is unsound, the candor of the author in stating his premises and the lucidity with which he develops his argument safeguard the careful student against serious error. In the reviewer's opinion, the book is the most valuable in its field—an opinion which I state thus explicitly because I intend to devote most of the remainder of this review to the defects of the book.

Professor Fontana-Russo's treatise is divided into three books, on "The Theory of International Trade," "The Theory of Commercial Policy" and "The Technique of Commercial Policy." In the first book are treated such subjects as comparative costs and international values, the economic balance, money in international trade, and the foreign exchanges. The second book covers the field of protection and free trade, the relation of commercial policy to expansion of population, the effect of duties upon the distribution of wealth, and colonial policy. The third book treats of the various kinds of customs duties, the proper measure of protection, the shifting and incidence of customs duties, commercial treaties, *etc.*

In his discussion of comparative costs and international values our author follows the classical method of arriving at principles without introducing the concept money. Whether this is really the most satisfactory plan or not remains to be determined; at any rate, it has proven fruitful in the past, and proves still fruitful in Professor Fontana-Russo's hands. In his treatment of money he adopts the quantity theory, with some qualifications that appear to the reviewer very unfortunate. Thus on page 93 the author says that the value of money depends not only on its quantity but also upon its cost of production—a view that will hardly be accepted by anyone. To those who hold to the quantity theory it appears self-evident that cost can influence the value of money only as it affects the quantity of money. The fallacy consists in coördinating, as parallel causes of a given effect, two phenomena that are themselves related as cause and effect. Most money theorists will also quarrel with the view (p. 72) that the importation of money causes

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first a fall in the value of money and then a rise in general prices, since the fall in the value of money and the rise in general prices are one and the same phenomenon, regarded from different points of view.

The least satisfactory part of this book is that which deals with the effect upon imports and exports of the *agio*, or premium on gold, in countries employing a depreciated silver or paper currency. The silver men of a decade ago made much capital of the idea that enterprisers living in a country having a depreciated currency enjoyed a virtual premium on exports. So far as a depreciating currency is concerned, the contention was sound; substitute, however, "a depreciated currency" for "a depreciating currency" and the contention is sound or fallacious according to circumstances. In a given country the movement of domestic prices may be sluggish, custom and habit playing a large part in their determination. If silver is the general medium of exchange, prices in silver do not at once rise when silver falls relatively to gold, nor do they at once fall when silver rises relatively to gold. So long as the enterpriser can buy commodities at the customary silver prices and sell them abroad for gold, exchanging the latter for an increased amount of silver, exportation is naturally more profitable than usual. If on the other hand silver rises, relatively to gold, the contrary effect is experienced; exportation becomes less profitable than usual. It is therefore impossible to say that a premium on gold as such either encourages or discourages exportation; an increasing premium encourages, a decreasing premium discourages. Our author has failed to take due account of the effect of a decreasing premium on gold; hence he has reached the erroneous conclusion that exporters are more likely to gain through the existence of a premium on gold than to lose through it.

A more palpable error appears when Professor Fontana-Russo discusses the question whether the *agio* is due to a rise in the value of gold (in respect to commodities) or to a fall in the value of silver. He concludes that when the *agio* is due to a rise in the value of gold, there is no effect upon exportation from the silver-using country; when it is due to a fall in the value of silver, exportation is stimulated. Reflection will show that there is no diversity in the nature of the two metals which could produce such a diversity in effects. It is possible that price movements in silver-using countries are more sluggish than in gold-using countries, and this might in fact create such a diversity in effects. The author, however, is unconscious of the fact that any premise of this nature underlies his argument; hence he reaches a conclusion which has no foundation in fact or in reason.

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In his treatment of protection the author takes the position of a moderate liberal. Protection is justifiable, in his view, whenever it makes possible the establishment of an industry which in time will be able to get on without protection. A protective system is useful as a means for facilitating the transition from one economic stage to another and superior one. In transitional periods, not only the new industries which it is desired to establish should receive protection, but also the old industries, declining under the effects of foreign competition, should be protected until the capital invested in them can be diverted to more profitable fields. Professor Fontana-Russo's defense of protection is thus a combination of the infant industry and the vested interests arguments. The latter argument, in his discussion, is purely economic. Nothing is said of the ethical claims of those whose capital is fixed in decaying industries. In this, it appears to the reviewer, the author has abandoned a tenable defense of protection for an untenable one. No industry decays unless capital is less productive in it than in the average industry of the nation. No industry dies outright unless it fails to pay average wages and average interest on circulating capital. If it can not do this, national capital is wasted, not saved, by enabling the industry, through protection, to earn interest on fixed capital. There may be an ethical reason why the nation should waste its capital in order to enable individuals to save their capital; there can be no economic reason for such a policy.

In his discussion of the proper measure of protection (pp. 475 *et seq.*), the author adopts a standard which bears a superficial resemblance to that of certain American moderate protectionists, namely, the difference between average domestic costs and least foreign costs. A system based upon such a standard, in the form employed in American discussions, would give rise to all the abuses of protection save one—the formation of monopolies behind the tariff wall. On this basis we could defend a policy which seeks to produce wine in Scotland or bananas in Spitzbergen. Professor Fontana-Russo wisely introduces an important qualification. The disadvantages under which a given branch of domestic industry may labor he classifies as "economic" and "functional." Economic disadvantages are those which have their origin in the natural environment or in the degree of density of population. Functional disadvantages are those arising from lack of enterprise, deficient industrial training, *etc.* The essential point of difference is that the former can not be removed in a reasonable time, while the latter can. Now, protective duties should be sufficient to compensate for functional disadvantages; they should make no allowance for economic disadvantages.

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When the author devotes his attention to an interpretation of the actual development of tariff systems his reasoning appears inconclusive. He is quite convinced that protectionism alone saved Germany from disaster in the latter half of the nineteenth century. Suppose that the Germans had been able to buy goods more cheaply under free trade; what would this have availed them if they had been unable to produce anything wherewith to pay for imports? The view which this implies might be excusable in a writer who knows nothing of the principles of international trade; in the present case it must be ascribed to carelessness. Possibly the author is less painstaking in his reasoning because he holds that in this field reasoning does not greatly matter (p. 417). Theoretical discussions have never weighed heavily against practical interests. This we must all admit. But when the author asserts that it is the "real interest" of a country that determines what its commercial policy shall be, many of us will refuse to follow him. Historical economists and practical men have a bad habit of confusing the predominant interest of a country with the interests predominant in the country. That the latter will shape its commercial policy is a truism. But it can not be said that the interests that dominate the politics of a state are ever greatly concerned with the real interest of the people as a whole.

The effect of protection on the distribution of wealth is a subject well worthy of careful analysis, and we naturally turn with interest to the author's discussion of this matter (book ii, chapter vii). This, unfortunately, is very disappointing. The author appears to have no clear view of the general laws governing the distribution of wealth. What are we to think of the opinion that when all the land of a state has been occupied, interest rises (which, by the way, is untrue) "because the reciprocal demand, which formerly was in favor of labor, now assumes a position wholly favorable to capital" (p. 299)? That the author's study of general economics has not been thorough is further evidenced on page 298, where he confuses the "law of diminishing returns" of the English classical school with the law of depreciation of land under extensive cultivation. The latter does indeed deserve more attention than it usually receives. But failure to appreciate the bearing of the true law of diminishing returns is perhaps the most prolific source of error in popular discussions of commercial policy; it has led our author into a number of serious errors.

The chapter on the shifting and incidence of duties (pp. 516 *et seq.*) is, in its general conception, admirable. The author properly regards it as one of the most important in the work. In some of its details,

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however, it needs emendation. We meet here with the common mistake that the so-called monopoly that a country enjoys (*e. g.* the American monopoly of cotton) is a true monopoly, with prices determined by the law of monopoly price.

In his references to American conditions the author has not escaped without a few trifling errors. On page 173 he implies that the United States treasury actually failed, in 1893, to meet its demand liabilities in gold. On page 285 it is alleged that the development of American cotton manufactures has contributed largely to the expansion of the American cotton-growing area—a position hardly tenable, in view of the fact that American cotton manufacturing is not more effective than the English industry which under free trade would supply the American market. On page 282 the author seems to imply that by 1850 all the land in the United States, except on the Pacific slope, was occupied by settlers. On page 384 the Philippines are classed with colonies assimilated in commercial policy with the mother country, although on page 378 the author shows that he has a more accurate view of the commercial position of those dependencies. On page 460 (note) the statement is made that the present tariff law prescribes a differential duty of ten per cent on goods imported in ships "not belonging to the Union." If this were true we should have fewer complaints from the "friends of American shipping." On page 490 it is stated that the reason for the migration of the cotton mills to the South is the desire of the manufacturers to gain control of the sources of raw material—a quite erroneous interpretation of the phenomenon.

It is perhaps dangerous for an American to call attention to an author's misuse of foreign words, since we, as a nation, are among the worst offenders in this respect. Nevertheless, I shall note a few, in the interest of the next edition. I find New Sout Wales (p. 271), New South Walles (p. 278), Nuova Sud Wales and Nuova Sud Walles (p. 341), but New South Wales never. Sherman is written Scherman (p. 172); Ashley, Aschley (p. 476); McKinley, McKlinley (p. 518); E. R. A. Seligman, A. H. Seligman (p. 517); J. S. Nicholson, G. S. Nicholson (p. 517); Edgeworth, Edegewortk (p. 517), and Edgewortk (index). German words have also been severely damaged in transit. *Zollverein* is everywhere written *Zollwerein*. On page 401, note, I find *Reichsinoalidenfonds*, *Reixhsdruckerei* and *Reicsbank*. French words as a rule are written correctly, although I have noted *fix* for *fisc* (401, note) and Leroy-Beaulien (index).

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Protective and Preferential Import Duties. By A. C. PIGOU. London, Macmillan and Company, 1906.—117 pp.

Defining protective duties as imposts which impede the importation of goods that are capable of being made at home and normally yield a contribution to the national exchequer, Mr. Pigou presents his views upon the following questions: What are the probable effects of protective duties upon the national dividend? Granting that they diminish the national dividend, can they be made to promote the national welfare? Is the policy of preferential tariffs advocated by Mr. Chamberlain as a "business question" to be regarded as desirable upon that ground? Is it to be regarded as desirable upon other grounds?

The relation of protective duties to the national dividend is discussed from three points of view, namely, as to the alleged effect of such duties in bringing new capital into the protected country; as to the alleged effect of such duties in extending the market for domestic products; and as a means of preventing "destructive dumping." The argument that protection attracts capital to the protected country is not denied but is shown to be incomplete in that the real question at issue is the net flow of capital, the balance of inflow and outflow. The argument that protection affords a wider market for domestic products is meaningless until we specify which of the multiple senses of "wider market" is intended. In the sense that protection increases the aggregate product of the protected industry, few will dissent from the proposition; in the sense that protection leads to a consolidation of industry in the form of Kartels and of trusts, the wise protectionist does not care to be understood. The usual meaning of the argument is that protection either leads to an increase in the average size of the individual plants in the protected industry, or else enables the existing plants to approach more closely to their full producing capacity. It must be admitted that no satisfactory rebuttal is offered to this reasoning. Mr. Pigou is of course aware of the utter inadequacy, as a reply, of his simple denials: "It can hardly be doubted that, with an aggregate output so great as ours, the point has already been reached after which the size of the whole ceases to be a significant factor in determining that of the representative part." "Its effect (*i. e.* the effect of protection) in stimulating production up to full capacity, or in other words, in diminishing short time, and thus enabling the work to be done more economically, is also likely to be unimportant." The remaining argument, that protective duties may be used as a means of preventing "destructive dumping," is met with the statement that

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"there is no evidence of foreign competitors having resorted to dumping with the aim of ruining or destroying an English industry."

It is not intended to traverse the remaining course of Mr. Pigou's presentation of his case; but it is desired to call attention to his exposure of the methods followed in the compilation of "Leaflet no. 88 of the Imperial Tariff Committee (President, Mr. Chamberlain)." It was admitted by the compiler that the facts of the leaflet were taken, in part, from a blue-book issued by the Board of Trade. Mr. Pigou shows that, in the assembling and the presentation of the material of the leaflet, most of the common methods of manipulating figures for political purposes were resorted to; statistical facts and explicit cautions were suppressed; material was selected, grouped and described so as to lead to predetermined conclusions.

The essay reveals a rare combination of talents. At the same time that Mr. Pigou uses the subtle theories of consumer's rent and of elasticity of demand and of supply to establish new theorems in taxation having a direct bearing upon the most pressing practical question before the English people, he persuasively pleads for the rejection of Mr. Chamberlain's "business question" for the reason that it is bad business, and for the rejection of a certain argument advanced by Professor Ashley, for the reason that "it is mere academic theorizing."

HENRY L. MOORE.

English Local Government from the Revolution to the Municipal Corporations Act: The Parish and the County. By SYDNEY and BEATRICE WEBB. London and New York, Longmans, Green and Company, 1906.—xxv, 664 pp.

It is an interesting but entirely explicable fact that hundreds of teachers in colleges and secondary schools throughout the United States are laying great stress in their instruction on the early forms of English local government while practically neglecting the far more important development which has taken place since the middle ages. They know (or think they know) the composition of the county court in Henry II's time, but they can not tell what became of the court or how a county highway could be opened to-day. They dwell at length upon the elements of feudalism, but very few of them could explain by what concrete process seignorial franchises disappeared. They are not to blame for this, because the curious mental aberration which led scholars to go to the German forests for the beginnings of liberty has resulted in such a total neglect of the really great period in the development of

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English local institutions that the teacher has no authorities upon which to rely.

Some atonement for this neglect is now at hand; for Sydney and Beatrice Webb have planned an elaborate and exhaustive work on local government in England and Wales from 1689 to 1835 and have given some indication of their intention to continue their labors until the more recent developments have been investigated. The first instalment of this monumental work, to consist of five or six volumes, will deal with the structure of local institutions and their actualities, that is, with the constitutional form and administrative procedure of every type of local authority in its historical evolution. The second instalment will describe these authorities at work in the discharge of their important obligations, such as the relief of destitution, the prevention of crime and the regulation of trade. Unlike the great treatises by Gneist, which rest largely on statutes and formal papers, this new work is based upon extended investigations of every kind of source, printed and manuscript: statutes, local histories, minute-books, newspapers and even fiction. To make the research wide-spread and thorough, the authors are being assisted by an able corps of searchers whose extensive labors are revealed even by a casual glance at the formidable array of notes and bibliographical materials.

The first volume of this great enterprise has now appeared. Our authors take the parish and its people as their starting-point (pp. 1–269). They frankly state that the historian who does not want to leave out of account the lives of five-sixths of the population will find the constitutional development of the parish and the manifold activities of its officers at least as important as dynastic intrigues, the regrouping of parliamentary factions or the complications of foreign politics. They begin with a description of the legal framework of the parish, its area and membership, its officers, servants, incumbent and vestry. Then follow chapters on the living parish at work. How poor are all our attempts to realize the organization and operation of government from statutes and legal treatises is completely demonstrated by the pages which show us the parish oligarchy, the uncontrolled officials, the boss or the turbulent vestry attacking the problems before them. The typical rural parish was one in which the laborers, who included two-thirds of the heads of families, had no position other than that of recipients of relief, and in which the business was managed by a small group of "intimate neighbors, tenants of the squire, and employers of paupers, presided over by the clergyman or senior churchwarden and dominated by the neighboring justices of the

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peace" (p. 49). In some of the more compact and peaceful parishes the governing oligarchy evolved into an orderly and harmonious open vestry, the administration being carried on by the parish officers with the continuously expressed assent of the rate-payers (p. 52). In the new manufacturing districts, however, we see a disintegration of the time-honored relations of the rural community and the assumption of power by practically uncontrolled parish officials, many of whom seem to have been irregular in their accounts. In some of the most densely populated parishes, inhabited by the irresponsible poor, the boss makes his appearance, courting popular favor and incidentally helping himself to the public revenues (pp. 79 *et seq.*). The boss, however, brings administrative efficiency and orderly, precise and business-like government. Lastly there is the parish with a closed or select vestry composed of a dozen or so of important local personages and perpetuating itself by coöptation.

The second part of our authors' first volume (pp. 279–607) is a treatise on the county, along the lines of investigation laid down in the chapters on the parish. There is a brief description of the legal constitution of the county, and this is followed by a chapter on the real rulers of the county, which is full of suggestion for those who suppose that there was anything popular or democratic about the government of England after the Glorious Revolution. Here is worked out at length the characteristics of the local oligarchy of justices of the peace and their patrons after the strict control of the Tudor system was relaxed. Those who associate centralization with original sin will do well to compare this government with that of the present time in England.

Three chapters describe the powers, procedure and work of the justices of the peace, in and out of sessions. So far as the general outline is concerned, there is not much in these pages (387–474) that is new to students familiar with their Lambard, Dalton and Burns; but they afford an insight which no formal treatise can give into the personnel of the county justices and the ways in which they did business. We get lively glimpses of some of the petty conventions of the justices, where "all matters relating to their office are with great judgment and silence agitated and determined amid the smoking of pipes, the cluttering of pots and the noise and ordure of a narrow room infested with drinking and a throng" (p. 424).

The most important contribution which our authors have made to our knowledge of the local magistrature pertains to the development of extra-legal executive organs, carrying out the orders of the Quarter Sessions. The sheriff gradually loses some of his ancient functions and

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the justices rely more and more on the local constables; gratuitous service proves inefficient and there is a slow evolution of a staff of paid executive officials; the justices form among themselves a network of committees for special purposes; and a quasi-legislative power is exercised under no obligation to submit orders to a central secretary for approval. In short, a governing oligarchy is formed in every county,

> composed exclusively of magistrates and such persons as they chose to consult; meeting privately at any dates and in any places; convened by chairmen, served by salaried officials and advised by committees all unknown to the legal constitution; deliberating on matters without formality or notice; recording or not recording their "orders," as they chose; amending them, varying them or rescinding them as the haphazard majority of the moment thought fit; and issuing them with undisputed authority as friendly "recommendations" to all justices of the county, as requests to local committees of justices meeting in special or petty sessions or as private "instructions" to their salaried executive staff—even publicly advertising them to the ordinary citizen as the principles according to which future judicial decisions would be given (p. 550).

This well-knitted local oligarchy was not without resistance, for toward the close of the period under consideration a reaction set in against it which was the precursor of the democratic reconstruction.

CHARLES A. BEARD.

The English Patents of Monopoly. By WILLIAM HYDE PRICE. Boston and New York. Houghton, Mifflin and Company, 1906.—261 pp.

The subject of the Tudor and Stuart monopolies has long called for adequate historical treatment. Monopoly became a political byword during the central crisis of English history. Raleigh defended the patents, for practical reasons, with a blush. Bacon who had theoretical as well as practical reasons found it desirable to meet popular prejudice with an evasion. The question had become a *chose jugée* in the minds of the English people long before Adam Smith supported the verdict with scientific reasons; and after it was thus strengthened the condemnation of monopolies became one of the commonplaces of the historian, as may be seen in Macaulay's essay on Bacon. However fundamentally just this verdict may have been, there was bound to be a reaction from it. It had been arrived at under too great a stress of political feeling to allow of a calm consideration of the question in the abstract. Bacon's statecraft, however morally reprehensible and politically inop-

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portune, had in it some of the germs of a new political science. When the rise of the historical method brought a fuller conception of the functions of the state as an organ of civilization, the defence of monopoly as a necessary instrument of state policy became an inevitable enterprise of scholarship. The defence, it is true, has not, any more than the condemnation, been free from the element of political feeling. It had its roots in the successes, real and reputed, of the Prussian state system. Nevertheless, one great point was gained. The argument for state action, from whatever motives it sprang, took in German hands—as the contrary argument had already taken in English hands—scientific and philosophic forms; and a field of controversy was thus furnished outside the political arena for those who were capable of the needful detachment of spirit.

That Dr. Gardiner possessed this quality in an exceptional degree can scarcely be doubted, and what he has to say, in defence not so much of the Stuart monopolies as of the motives of those who, like Bacon, proposed and supported them, is marked by all his usual impartiality. This, together with the fact that he was known to have devoted special research to at least one important patent, gave weight to an opinion he expressed that the monopolies can scarcely, as a rule, have been prompted by fiscal motives. This conclusion seems due to an error in political psychology. It is based on the smallness of the returns derived by the Crown from the patents in a particular year, and, as far as this case goes, Mr. Price has shown that the facts were even stronger than Dr. Gardiner supposed. But surely the motives for any policy are to be discovered by an examination of intentions rather than of results, and no one who, following the path so admirably opened by Mr. Price, examines the history of a number of Tudor and Stuart patents can doubt that the raising of revenue or the payment of debt or the reward of service bulked very largely in the intentions of those who promoted them, whether as statesmen or projectors. Moreover one of the chief results of Mr. Price's investigations is to bring out clearly the fact that as the Stuart government gained in "thoroughness" the revenue yielded by the monopolies very largely increased. "At the end of the period of personal government . . . the wine licenses brought in £30,000. . . . The tobacco licenses . . . were producing £13,000. Soap yielded £30,825." These figures may seem small in the days when budgets are reckoned in hundreds of millions, but they were very considerable when hundreds of thousands only were in question.

The presence of fiscal motives is not in itself a condemnation any

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more than their absence is a justification of monopoly. On the contrary, an exclusively fiscal motive is the one justification which the free-trade economist will admit. But to use monopoly in this way a government needs not only a clear head but clean and efficient hands. These conditions were not fulfilled by any of the states which were pursuing mercantilist policies in the seventeenth century. Indeed an unavowed fiscal motive such as underlay most Tudor and Stuart monopolies is directly incompatible with either clearness of head or cleanness of hands. This conclusion can be reached from *a priori* premises, but it is much more impressive and convincing as it emerges *a posteriori* from Mr. Price's judicial examination of the facts.

This is the great merit of the book before us. It comes to close quarters with the facts and sets them in the dry light of a sound business judgment. Such a cold consideration of the facts is highly necessary as a complement and a corrective to the study of mercantilist ideas, as these have been sympathetically reconstructed by modern scholars. It is like passing from one of Mr. Micawber's prospectuses to his balance sheet. Not that Mr. Price has neglected the broader aspects of his subject. The section dealing with the political history of the monopolies contains an adequate and impartial survey of the various aspects of mercantilist policy; but the main value of the book lies in the detailed studies of individual patents, in which their operations have been followed through many sources over a long period of years. Selection has of course been necessary, but the various lists of patents printed with other useful documents in the appendices will enable the student to place the monopolies specially studied in their due relation to the rest. The selected cases are those of first-rate importance and have for the most part not been adequately studied before.

The fullest and perhaps the most instructive of these studies is that on the Royal Alum Works, which covers the whole period between the reign of Elizabeth and the Restoration. The alum monopoly has been cited as a leading instance of the success of Burleigh's industrial policy —on no better ground, apparently, than is afforded by a proclamation of Charles I to the effect that the industry had by that time been brought to perfection. Yet this proclamation was issued to justify a policy of prohibition on imports and to give a fresh start to the works which were then practically suspended. The whole story, says Mr. Price,

> is so continuously dismal that it would not be fair to judge from it what a reasonably businesslike government could have accomplished . . . The

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king was bent on exploitation, the farmers upon plunder, and the ministers were inefficient, while the honesty of many is doubtful (p. 83). As an encouragement to domestic production the project was a failure . . . Prices were raised and the quality of the product deteriorated : . . The industry did not return to the Crown a pittance of the investment (p. 101).

Anyone who has occasion to go over the same ground will recognize that these statements are just and moderate.

Important, however, as these negative results undoubtedly are, the positive contributions made by Mr. Price to the history of public finance and of the joint-stock company (which the monopoly system brought into most undesirable connections) are even more interesting. The many-sided career of a man like Sir Arthur Ingram, who successfully combined the functions of a treasury official and king's cofferer with those of farmer of the customs and a floater of bubble companies, and who died extremely rich after having exploited generations of less fortunate projectors, is full of suggestion for the student of economic history. It is not only the state and public finance that have benefited by the gradual disentanglement of these functions. Private enterprise has gained enormously in fruitfulness by becoming private. The main effort of the seventeenth-century projector was not to increase the wealth of the community but to manipulate it for his own and the state's advantage. It was one of the happy results of that century's political achievements in England to limit this field of exploitation and to turn the ingenuity of the eighteenth-century projector to the less tempting but more profitable task of exploiting the powers of nature. This seems to be one of the many morals that may be drawn from Mr. Price's most admirable book, on the publication of which both the author and the Trustees of the Wells Prize Essay are to be heartily congratulated.

G. UNWIN.

LONDON.

His Grace the Steward and Trial of Peers. By L. W. VERNON HARCOURT. London and New York, Longmans, Green and Company, 1907.—xii, 500 pp.

As the title implies, this book is divided into two sections. The first takes up the history of the office of lord high steward of England from the origin of the office to the death of Thomas Plantagenet, duke of Clarence, in 1421, when it ceased to exist as an hereditary dignity. This serves as a logical introduction to part two, which deals with the modern steward in his capacity as presiding judge at the trial of peers.

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Mr. Harcourt's main theses are that the steward of England in the middle ages was an official of very little importance as compared with the dapifer or seneschal of France, and that the modern procedure in the court of the lord high steward is based upon a forgery. Incidentally he touches upon several other knotty problems of mediæval history. His account of the alleged second condemnation of John by the peers of France is decidedly original. He places the trial in 1213, thus opposing both the traditional view that it immediately followed Arthur's death and Bémont's theory that it did not occur at all, (*Revue Historique*, vol. xxxii, pp. 33–72, 290–311). New light is also thrown upon the struggle between Henry III and the baronage, upon the history of the court of chivalry, upon the powers of the lord high constable and various other questions. He follows Stubbs rather than McKechnie and Adams in regarding the second *vel* in the thirty-ninth chapter of Magna Carta as a disjunctive, and therefore concludes that the chapter "requires compliance either with one condition or the other, lawful judgment of peers or the law of the land, not both" (pp. 216–225). The picture of Simon de Montfort is sketched in rather dark colors, but it is probably more true to life than that presented by Freeman, Stubbs or Prothero.

Mr. Harcourt apparently accepts the view that the English court just after the Conquest was modelled upon that of Normandy and that the latter followed pretty closely the superior court of France, but he opposes Stubbs's theory that theoffice of seneschal in Normandy was the origin of the English justiciarship. The argument turns largely upon the selection of William Fitz-Osbern as one of the justiciars when the Conqueror returned to Normandy in 1067. Mr. Harcourt claims that Fitz-Osbern was not steward. The whole question hangs upon the following extract from an entry in the cartulary of St. Trinité du Mont at Rouen in 1068: "... suggestione fidelis sui Willelmi filii Osberni dapiferi qui comes erat palatii." Our author takes this to mean that the father was dapifer, the son comes palatii.

The second essay is almost as revolutionary as the first. When a peer is accused of felony while Parliament is in session, he is tried before the House of Lords, and the court is usually, though not necessarily, presided over by a lord high steward appointed for the occasion. The steward is simply the first among equals. Any temporal peer has the right to attend and to give his vote upon all questions both of law and of fact. If Parliament is not in session the case goes to the court of the lord high steward, in which the steward is the sole judge. The peers serve only as a jury and the attendance is limited to those who

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receive a special summons. Previous to 1696 this court exercised jurisdiction over cases of treason as well as those of felony. It was "a fraudulent device for the degradation of the nobility . . . intended to supersede and altogether deprive them of trial in Parliament" (pp. 442, 443). Mr. Harcourt implies that the court was instituted by Henry VII in 1499 as a means of disposing of the Earl of Warwick, and asserts that its procedure was based upon a forged report of an alleged trial of the Earl of Huntingdon at the beginning of the reign of Henry IV. The forgery was probably committed, but, if Mr. Harcourt's own account is to be trusted, it was quite unnecessary, because there was already a good precedent in the tribunal constituted by Henry V in 1415 for the trial of Lord Scrope of Masham and the Earl of Cambridge. Lord Dudley was tried before this court for felony in 1503, and the Duke of Buckingham for treason in 1521.

Mr. Harcourt has steeped himself in the personal and political history of England before 1485, he possesses the saving grace of humor, and he writes interestingly. His book is one of the most valuable contributions to the history of mediæval institutions which has appeared in recent years. At the same time, he might be less dogmatic and somewhat more familiar with the details of feudal jurisprudence. On page 391 the date 1862 should of course read 1462. The proof-reading, on the whole, however, has been unusually well done and the index is good. An important feature of the book is the publication in the original Latin of a mass of new documentary material.

W. ROY SMITH.

BRYN MAWR COLLEGE.

Sociological Papers. Published for the Sociological Society. Volumes II and III. London, Macmillan and Company; New York, The Macmillan Company; 1906, 1907.—312, 377 pp.

Sociology in England is still in a sort of lap-robe stage, a blanket covering many different people who are little connected except that they are journeying for the time in the same carriage. These volumes contrast strikingly with the first proceedings of the American Sociological Society, 1905. Though the two stages in the development of science thus exhibited are contemporary chronologically, logically they are far asunder. In America we see a definite group of professed sociologists unified by a common tradition and by increasing realization of a common method and intent. In England there come together a body of specialists in one or another social study, who discuss many problems, each man from his own standpoint.

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Compared with the first volume of these *Papers*, some progress is evinced. There is less space given to methodology. In the second volume J. S. Stuart-Glennie is the only writer dealing with the classification of the sciences. Into the third volume this subject does not enter at all; for, though Mrs. Sidney Webb treats "Methods of Investigation," her viewpoint is practical, while "The So-called Science of Sociology" is as well written and as concretely pointed as we might expect from Mr. H. G. Wells.

The editors of the second volume classify the papers as representative of five approaches to the sociological problem: "the historical, the ethical, the psychological, the biological, the geographical." But there is nothing in the psychological group save the editor's suggestion that Professor Sadler's brief paper, "The School in some of its Relations to Social Organization and National Life," may be taken as illustrating this mode of approach. In the third volume the miscellaneous articles are upon "Religion," "The Russian Revolution," "The Problem of the Unemployed" and "Sociology as an Academic Subject." The great fields of psychosocial investigation opened up in France or America, and pursued also in Germany, are entirely without representation in these proceedings. Dr. J. H. Bridges' paper in volume ii, "Some Guiding Principles in the Philosophy of History," is an interpretation of the development of western Europe in terms of intellectual changes and generally in religious conceptions. It is almost a relief to see any other "interpretation of history" than the economic, yet the rather severe handling which Dr. Bridges' one-sided treatment received in the discussion was not unjust.

England's most definite contribution to modern sociology, since Spencer, is doubtless the work of Galton on eugenics. At the first meeting of the English Sociological Society Mr. Galton's discussion of the "improvement of the breed of man" was primarily of principles. At the second meeting the emphasis shifted to ways and means. Reviewing a great number of restrictions on marriage now existing or known to have existed among various peoples, Mr. Galton pointed out

> how powerful are the various combinations of immaterial motives upon marriage selection, how they may all become hallowed by religion, accepted as custom and enforced by law. Persons who are born under their various rules live under them without any objection. They are unconscious of their restrictions, as we are unaware of the tension of the atmosphere. The subservience of civilized races to their several religious superstitions, customs, authority and the rest, is frequently as abject as that of barbarians [volume ii, page 12].

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The conclusion is, of course, that the ideals of eugenics, should they come to be accepted by any large number of men and women, would exercise a restrictive influence similar to that of ideas under which society now lives, only an influence much more beneficial. The papers and discussions hardly recognize sufficiently that, compared with the rate of many other social changes, alterations in ideals of marriage are likely to be very slow. But Mr. Galton is right in deeming his principle important. Once we view marital ideals as equally subject to change and influence with political ideals or business "standards," we can enforce with new weight the need for a fuller and franker education of young men and women, especially in the vital personal problems which underlie social relationships. Given this, we may be more satisfied with Dr. Lionel Tayler's indication (volume iii) of the many natural social processes which work in the eugenic direction.

Eugenics is now a timely "science" in all the advanced countries of the world. In America the papers of Ross and Wells and the discussions before the American Sociological Society are only the scientific reflex of the "race suicide" chatter. When contrasted with the American treatments, eugenics in England is very evidently a *class* science. From the class, or what may be called the aristocratic, point of view, eugenics deals with the improvement of individuals through better marital selection and propagation. In America the problem is regarded from the standpoint of the improvement of a group as a whole through the increase of desirable, and diminution of undesirable, groups within it. The contrast is well illustrated by a comparison of Mr. Galton's papers and the following discussion in volume ii, with Dr. Alvan A. Tenney's *Social Democracy and Population.* The two points of view need not be antagonistic at bottom.

Half the last volume is given to the biological phases of sociology. How many medical men are still innocent of knowledge of well ascertained facts concerning heredity is shown this season, as before, in the discussions. Dr. Archdall Reid's paper and Professor J. Arthur Thomson's "The Sociological Appeal to Biology," are valuable articles. A different judgment will be passed by Americans upon McDougall's so-called "Practicable Eugenic Suggestion," namely, that those in government service (who have been selected by a system which insures fitness) should be accorded an increase of salary with every enlargement of the size of their families. So far as is apparent from the printed discussion, this suggestion was taken seriously.

Throughout the publications of the English society, Professor Patrick Geddes has pursued a series of suggestive studies of "Civics." He

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uses the term as an equivalent for "applied sociology," a doubtful equation. At the first meeting he outlined the town's geographical interpretation. In the second volume he passes to the social standpoint; in the third, to the educational, suggesting a "civic museum" as an instrument of popular education toward effective citizenship. The plan is more than suggestive; it is illuminating, and ought to be tried on a sufficent scale to make the results of weight. The summary of Professor Geddes' interpretation of the city is worth quotation:

> We may briefly define the main aspects and department of civics from the present point of view. First then, comes the study of civics as fundamentally (and ever anew) an orderly development—at once geographic, economic, and anthropologic in its nature—a survey of place, work, and folk; and these not merely or mainly as broken up into the fine dust of censuses and statistics, nor even of the three too separate sciences above named, but as a living unity, the human hive, the Town.
>
> Corresponding to this objective and organic life we re-organize its fundamental subjective life. This is fundamentally, and ever partially, the record and reflex of the life of the hive, the Town; of all its general and particular environment and function, its family type and development; and, however overlaid by imported culture or by decayed ideals, it is fundamentally expressed in local knowledge, in craft tradition, in kinship and its associated kindness, in habits and customs, and their developments up to morals and law. . . . . .
>
> Finally and supremely arises the City proper—its individuality dependent upon the measure and form in which ideals are expressed and harmonised in social life and polity, ideas synthetised in culture, and beautyca rried outwards from the study or chamber of the recluse into the world of art [volume ii, pages 91, 92].

From the investigation of the city we tend, says Professor Geddes, "toward the practice of citizenship." Civic history, making us increasingly self-conscious, helps the city to shape advisedly its own destiny. Professor Geddes' breadth of view is stimulating, but his correlation between the different phases of town life is sometimes rather abstract, and the historian too often overweighs the reformer. Papers such as this overlook the facts that the mass of people furnish not only the object of social betterment but also the means by which it is to be accomplished, and that to such people, especially in our day, condition means more than tradition.

MICHAEL M. DAVIS, JR.

NEW YORK CITY.

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The Economy of Happiness. By JAMES MACKAYE, Boston. Little, Brown and Company, 1906.—xv, 533 pp.

It is obviously impossible, in a brief review, to do justice to an author's thought which he has compacted into book form at the expenditure of much time and infinite pains. The impossibility becomes even more obvious when the volume is as big in extent and content as is Mr. Mackaye's. The author divides his work into three parts, Book i is entitled, "The Principles of Common Sense," books ii and iii deal with the "Technology of Happiness." He declares war upon commercialism and its philosophy, as championed by Mill and his followers, and sets himself the task of writing a new constitution for industrial society, in which *happiness* instead of wealth shall be recognized as the goal of national activity. The first two books are taken up mainly with the giving of precision to definitions and terms, and with criticisms of the present forms of industrial society. His criticisms are not new but they are stated in a scientific form which gives them a new value. At the same time his vigorous, clear-cut literary style holds interest and carries conviction.

It may be objected that Mr. Mackaye is too materialistic in his view of life; that the object of living is not necessarily happiness; that happiness even is not the product of material goods; that his hedonistic standard for measuring happiness is a false standard, because it allows nothing for spiritual enjoyment; that he is wrong in assuming that for the working man the joy of living is confined to the hours of consumption, the dinner hour being the high-water mark of his happiness; that he is wrong in assuming that the hours of sleep are negative hours giving neither pleasure nor pain. For every one of these objections, Mr. Mackaye has an answer either expressed or implied. If the end and aim of life be not happiness, what is its purpose? Certainly Mr. Mackaye's philosophy is worth as much as any yet proposed. Nor does he confuse happiness with material goods. He leaves that for the dollar-hunting business man and the capitalistic economist. He is perfectly well aware that man obtains a large proportion of his enjoyment from psychic gratifications which have not been derived from material goods. He does assert that for the great majority of laboring men these higher forms of intellectual goods have no value at all—no existence in fact, because the laboring man is sufficiently occupied with the task of getting enough to eat and to wear. However, Mr. Mackaye's condemnation of the present régime is too sweeping. It is impossible to determine accurately whether there is a surplus of pleasure

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or of pain in our society to-day. His method of getting at the fact by *imagining* what the average New Yorker would answer to the question, Would you be willing to live your life again? is far from convincing. It is quite conceivable that New York is manufacturing happiness at a high rate of speed. It may be even that the East Side produces a surplus of happiness.

But it is not necessary to show that there is actually a surplus of unhappiness in order to condemn the present organization of society. All that is required is to show that the output of happiness falls short of the attainable happiness under a different organization. Undoubtedly, with a more equable distribution of wealth, there would result a vast increase of the sum-total of happiness. How to attain this greater equality of wealth with its increase of happiness, without impairing or destroying the efficiency of society as a wealth-creating organism, has been the question. This is the rock upon which socialists have invariably made shipwreck. The best that any of them has been able to do is to assert that under the beneficent operations of socialism human nature will be so transformed that men will jostle each other in their eagerness to work for the common good. Besides, we are told that nobody will have to work more than three or four hours per day.

It is not until the thirteenth chapter of book iii that Mr. Mackaye gets to the constructive part of his work. He there explains "pantocracy," which is a plan to combine the advantages of the competitive system with those of the system of public monopoly. Individual self-interest is retained as the motive force of industrial society. This is done by giving rewards to the directors of industry in accordance with the efficiency of their direction—efficiency being measured by the labor time saved in producing a unit of commodity. Thus the interests of the workers and directors are united, both being interested in shortening the working time. The directors have nothing to do with the wages paid to workmen. Some of the benefits of cheapened labor cost will be distributed throughout society by lowering the prices of commodities. Wages will thus be indirectly raised. Production will be regulated by the bureau of distribution. To the individualist this method of determining what and how much to produce will appear artificial and clumsy. Only competitive production appears to him "natural." In this way improvements in quality and changes in styles are made possible. The vast majority of men have no notion of what they want. They possess merely potential likes and dislikes. It is the function of the manufacturer to discover these potentialities. If he is lucky enough to hit the potential likes of society, he makes a fortune

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and poses as the benefactor of mankind. If he misses, he loses, not necessarily his own fortune, but usually, thanks to the benefits of corporate organization, somebody else's fortune. Only by this method of experimentation are changes in styles and improvements in consumption-goods possible. The sufficient answer to these objections is that such "improvements" and changes in styles are wholly unnecessary. They have their foundation in class distinctions and they serve no useful purpose. Mr. Mackaye does not insist that class feeling would disappear with the advent of pantocracy, but there can be no doubt that the more radical class distinctions would disappear.

Mr. Mackaye seems needlessly severe in his condemnation of the present régime. The system which has brought the race from economic savagery up to the present state of barbarism tempered by monopoly, can not be wholly bad. The hedonistic ideal of happiness could never have been conceived but for the capitalistic system. If the big fish had not eaten the little fish, the joys of a fish diet would never have been discovered. Incidentally the competitive system has induced men to make a lot of improvements which the socialist is willing enough to retain in his regenerated society.

The least convincing portion of Mr. Mackaye's work is chapter xiv of book iii, where he endeavors to tell how his system of pantocracy can be put into operation. After showing that pantocracy must be protected against the importation of foreign laborers or the products of foreign labor, he advocates the setting-up of his system in competition with private industry. Surely if the foreign capitalist could destroy pantocratic industry by exploiting the laborers, the native capitalist could do so. If ever pantocracy enters an industry, it must enter it as a monopoly. And how shall we apply it to those industries which supply only a portion of the home demand for a commodity? These constitute the great majority of industries. When we think of all these complexities and difficulties, the day of the industrial millennium seems still afar off.

Mr. Mackaye evidently derives much happiness from emptying the vials of his wrath upon the head of the economist, quite regardless of the amount of unhappiness he must thereby cause. He is equally severe in his attitude towards him who critizes pantocracy on the ground that it is "impractical." Nevertheless the writer ventures to assert that this system, so perfect in its theoretical completeness, is totally impractical because it assumes that men are rational beings, striving ever after the greatest utility, and influenced only by appeals to the plainest of plain common sense. Most men derive an unbelievable

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amount of fun from merely living, oftentimes under conditions that would be anything but joyous to one who had been educated differently. Who will venture to say that the poor workman with neither goods nor leisure is less happy than the man of wealth who has an abundance of goods and leisure for their enjoyment? Not until human nature has been modified need we expect a philosophy of common sense to become popular; and not until a philosophy of common sense has become generally accepted need we look for any radical change in human nature.

ROYAL MEEKER.

PRINCETON UNIVERSITY.

Boas Anniversary Volume. Anthropological Papers written in honor of Franz Boas. New York, G. E. Stechert and Company, 1906.—xix, 559 pp.

The articles by American and European contributors which make up the contents of this bulky but handsome volume were written to celebrate the twenty-fifth anniversary of Professor Boas's doctorate. A scientific career which has done so much by precept and example to advance the cause of anthropology thus receives fitting and adequate commemoration.

The forty-five papers in this collection cover a wide range and include original investigations in physical anthropology, philology, general anthropology and ethnology, and American, European and Asiatic archæology. A few articles of importance to anthropologists and sociologists alike may be briefly noted. A short but carefully executed study of "North African Jews," by Maurice Fishberg, strengthens the conclusions previously advanced by the author regarding the East European Jews.

> Contrary to the generally accepted theory that they have maintained their racial purity for centuries, research by modern anthropological methods has shown that the physical type of the Jews bears a striking resemblance to the ethnic types encountered in the indigenous races and peoples among whom they happen to live. [p. 55.]

The paper by Dr. W. H. Holmes on the "Decorative Art of the Aborigines of North America" is a convenient summary of the subject by an acknowledged authority. A. F. Bandelier's "La Danse des 'Sicuri' des Indiens Aymará de la Bolivie" describes at length a South American ceremony which, though relatively modern in its present form, is clearly the outgrowth of a more primitive dramatic ritual. In her ac-

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count of the "Astronomical Methods of the Ancient Mexicans," Miss Nuttall shows that in Mexico, as in Babylonia, the temples were used for systematic and exact observations of the movements of the heavenly bodies. Writing on "A Vast Neglected Field for Archæological Research," Mr. H. I. Smith emphasizes the necessity of exploration in the middle west. The prehistoric ethnology of this region is as yet practically unknown. Ernst Richard's article on the "Scandinavian Theory of Indo-European Origins," principally a resume of Hirt's recent work, *Die Indogermanen* (Strassburg, 1905), revives old philological arguments and introduces some new ones from anthropology and archæology to support the theory of an original Indo-European race. Southern Scandinavia, Jutland and the countries south of the Baltic "form the locality where the people who first spoke an Indo-European language developed their racial peculiarities, or, at least, were living before they branched out to spread over Europe and Asia" (p. 377). The search for Aryan origins possesses great fascinations and, in spite of the *caveat* of anthropologists who deny the existence of Aryan racial unity altogether, still claims the energies of some serious investigators.

Although many of the studies of this volume appeal primarily to the technical anthropologist, there are several which should not escape the attention of investigators in the fields of primitive sociology and religion. Of these one of the most important is the paper entitled "A Reconstruction of the Theory of Social Organization." Dr. John R. Swanton, the author, voices the growing dissidence of American anthropologists against a hasty application of data from the Australian and other primitive fields to the interpretation of North American sociology. He levels a direct attack upon the theory of maternal organization developed at length in Morgan's *Ancient Society*. Dr. Swanton shows that north of Mexico many more Indian tribes than Morgan reckoned to-day possess a paternal organization, and that a very large number have no clans or true exogamous divisions at all. Moreover, in opposition to Morgan's view that the maternal clan represents a more primitive condition, Dr. Swanton points out that some of the tribes most advanced in culture, such as the Iroquois, the agricultural tribes of the southeast, the Pueblo and Navajo of the southwest and the Haida and Tsinshian on the Pacific coast possess the maternal organization. With other American students, Dr. Swanton is inclined to regard the questions of exogamy and totemism as separate and distinct. Totemism he considers primarily a religious phenomenon. Exogamous practices arise not out of totemic beliefs, but from economic and social conditions. Students of these complicated problems will welcome the author's original researches in this field.

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For investigators of the economic interpretation of religion several papers furnish data of considerable interest. Thus Bandelier, in a contribution already referred to, discloses the existence among the Aymara of three esoteric or magical societies, known as "healers," "hunters" and "warriors," whose members have charge of man's relations to the supernatural. These societies are similar in organization to the fraternities found among many North American tribes. Like the latter also their functions embrace rain-making and the supervision of hunting and fishing. "Là où la pêche est plus abondante que la chasse, donc plus importante pour la vie, le groupe des chasseurs est dominé par celui des pêcheurs" (p. 277). Jochelson's study of the "Kumiss Festivals of the Yakut" brings out in highly suggestive fashion the influence of horse-breeding among this Siberian tribe. In the life of the Yakut the horse is the central feature; besides the ordinary use of horses as domestic animals, their skins are employed for clothing, their flesh for food, and from fermented mares' milk is formed the stimulating and nutritious beverage known as kumiss. Under these circumstances it is not surprising to find the horse highly reverenced and even the object of a special cult. The most important religious festival of the Yakut was connected with the preparation and use of kumiss.

Sternberg's account of the "Inau Cult of the Ainu" lays stress upon the fact that leading Ainu gods are zoölogical creations—beasts, fish, and sea-animals who supply the principal means of subsistence and upon whom the welfare of the Ainu depends. Such gods are approached and their gifts secured through the mediation of the "Inau." These are ceremonial objects, commonly small sticks, carved in rude representation of a human figure and cut at various points into shavings. The Ainu regard them as living mediators between gods and men, "endowed with the faculty of conveying rapidly, eloquently and efficiently the wants of man to the gods. . . . Their power lies in their numerous *tongues* (shavings), which increase the suasive power of their eloquence to an extraordinary degree" (pp. 434, 436). The Inau themselves can hardly be classed as deities, fetishes or idols.

From the foregoing very inadequate notice some idea may perhaps be derived of the variety and interest afforded by the papers in this volume. Students of anthropology will welcome the elaborate bibliography of Professor Boas with which the work concludes.

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UNIVERSITY OF NEBRASKA.

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Die ökonomische Entwicklung Europas bis zum Beginn der kapitalistischen Wirtschaftsform. By MAXIME KOWALEWSKY. Volume III: *Englische, deutsche, italienische und spanische Wirtschaftsverfassung in der zweiten Hälfte des Mittelalters.* Berlin, Prager, 1905.—501 pp.

At length we have the third instalment of the German version of Professor Kowalewsky's elaborate survey of the economic development of Europe. The first volume, it will be remembered, dealt with the origin of property in land, and the second, with the growth of feudal arrangements. But the title of the present volume is somewhat misleading; for, although it professes to describe the organization of agriculture in the second half of the middle ages, it is, as a matter of fact, chiefly concerned with the twelfth and thirteenth centuries. Four years have elapsed since Professor Kowalewsky's second volume was reviewed in this QUARTERLY, and the movement of research in England alone, during this period, has already rendered certain parts of the present volume obsolete. It appears to have been impossible to take account of Mr. Seebohm's books on *Tribal Custom;* and Professor Vinogradoff's *Origin of the Manor* and Mr. Chadwick's revolutionary studies on English *origines* have, of course, come too late. Still the delay in the publication of the translation of Professor Kowalewsky's work has certain compensations. The task of rendering into German the Russian original has passed from the not very skilful hands of M. Motzkin, who was responsible for volumes i and ii, to those of several eminently competent German gentlemen who have produced a smooth, lucid and presumably accurate version. At all events the publisher professes himself sensible of the justice of the criticisms directed against the translation of the earlier volumes and has himself compared the present version with the original, besides submitting it to the general supervision of the author. The improvement is very striking, although there are still some defects of which we shall speak presently. The usefulness of the work is much impaired by the lack of an index, and the promise of a general index on the completion of the German version is of small comfort in view of the rate at which the publication is proceeding.

Although Professor Kowalewsky describes his book as a survey of the economic development of Europe, it is, as a matter of fact, both more and less than that. The complete omission of the revival of commerce and of the resulting development of industry may, perhaps, find a certain justification in the limitations which the author seems to have imposed upon himself; but as the work progresses it reveals itself as an

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elaborate pamphlet intended to support the thesis of primitive liberty. In Professor Kowalewsky's view, indeed, Freedom sat of old not on the heights alone, but in every valley and plain as well. To secure and elucidate this doctrine—he admits that it is not susceptible of proof—is our author's chief purpose in the present as it was in the earlier volumes. He devotes, however, a good deal of space to illustrating the break-up of the system of prædial serfdom as a result of the increase of population and the consequent rise in the value of land. The work is divided into four parts, devoted respectively to the consideration of English, German, Italian and Spanish conditions. France and northern Italy, it will be remembered, were included in volume ii; accordingly, the Italian section of the present volume concerns itself chiefly with central Italy and Sicily. In treating Germany, Professor Kowalewsky has omitted the two principal German states of the present day, Prussia and Austria, confining himself to the Rhine country and the adjacent regions where no strong foreign influence was ever felt. On the same principle he has, in the last chapter of the volume, restricted himself to Catalonia and Roussillon, the old Spanish Mark of the Carolingian Empire.

We may turn now to consider the main points in Professor Kowalewsky's argument for primitive freedom, deferring, for the moment, what may turn out to be a more difficult and important problem—the question, namely, of what, in effect, primitive freedom may mean. Our author deals first with the inferences to be drawn from the use which unfree communities were authorized to make of the non-arable lands, meadows, pasture, forest, waste and so on. Although it is true, he admits, that landlords might and did exact renders and services in return for the enjoyment of these advantages, the use of the commons cannot, nevertheless, be regarded as deriving from an original concession on the part of a proprietor; for the landlord was unable to diminish, alienate or enclose lands subject to these rights without previously obtaining the consent of the community. The traditions which secured the unfree peasants in the enjoyment of these advantages must be understood as pointing back of the manorial lord to an originally free community.

Then it is contended that the open-field system of agriculture, in which co-aration with a heavy plough drawn by a team of eight oxen is the dominant factor, is a relatively late development. The arrangement of intermixed strips in the open fields and the system of extensive agriculture practised under that arrangement are not, as Seebohm contended, based upon a plan of co-aration according to which land was

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allotted to the villagers in proportion to their contribution to the great plough team. To support this view it was necessary to show that the heavy plough and the eight-ox team were of comparatively late introduction, and were connected with the progress of uniformity in manorial arrangements and with the movement toward a more intensive form of agriculture. The heavy plough, indeed, is the demesne plough drawn by the peasants' beasts, but the system of co-aration is worked on behalf of the landlord. This change is marked by the use of the terms carucate and bovate, representing an actual measure of land, instead of the elder hide and virgate, which are rather rateable units. At an earlier period the land was worked by a light peasant plough drawn by two or, at most, four oxen, and the demesne, consisting of scattered strips in the open fields, was ploughed by the peasants in the same way as their own shares. The unit of measurement, moreover, was proportioned to the capacity of the small team. For France and England, at least, our author appears to have made out his case; he brings evidence of the use of the light plough and the land measurement adjusted to it and raises a strong presumption that the eight-ox plough was introduced comparatively late into Frankland and carried thence into England by the Normans. From all this, Professor Kowalewsky concludes that the open-field system, with its intermixed strips of arable land, its normal uniform holding and its common rights appurtenant to such holdings, must be understood as originally designed to maintain equality and facilitate coöperation among the members of a free community.

Finally an analysis of the later manorial population reveals to our author a numerous class of persons whose original freedom is witnessed by the fact that they perform no services. Their responsibility to the manorial lord from whom they receive protection is confined, as for example in the case of the *Wachszinsigen* or *cerocensuales* of many German estates, to a render in money or kind. Most of these arguments are familiar and have already been presented by many writers with varying degrees of ability. In so far as they make against the theory of Roman or servile origins, they appear to us valid. But to say that they will avail to support the old-fashioned Germanist views of primitive democracy is quite another thing. Professor Kowalewsky undertakes to examine the question solely as an economist. But to do this is to beg certain questions of capital importance. For example, he speaks with cheerful confidence of the ordinary freeman, the *Gemeinfreie;* but what meaning are we to attribute to this term? Is it the hero of Maurer and Kemble that is brought before us again? Is it the free German, dear to the hearts of Freeman and Green, who never

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really recovered the primitive rights which he had lost after his migration to England until the passage of the Reform Bill of 1832? Surely we have dreamed that dream out; and whether we follow Heck or Brunner, whether we adopt Mr. Seebohm's dependent tribesman or Mr. Chadwick's mysteriously conquered Saxon, we must, if we are to discuss the matter intelligibly, define the status and condition of the ordinary freeman. Here, then, is the point: an examination of the available evidence leads us back to a free or lordless community—*pace* Professor Ashley—which, by processes now tolerably clear, was transformed into a dependent manorial community. Now the elucidation of these processes, valuable and important as it is, still leaves the problem of the character of the original community, the nature, that is, of its freedom, unsolved. Here Professor Maitland's brilliant contribution fell short; for his formula of automatism and reality spoke to the question of the process by which, leaving untouched the more difficult problem of the thing out of which. If we understand Professor Kowalewsky rightly, he would hold to some such modification of the German mark-theory as was proposed by Meitzen, omitting, however, the periodic redistribution of land, against which view he brings some strong arguments in the present volume. He appears to be no more afraid of a primitive land-owning community, a conception intolerable to the juristic mind of Professor Maitland, than is his fellow-countryman Professor Vinogradoff. But even if this obstacle be overcome, serious difficulties remain. What can primitive freedom mean? Can freedom as we understand it exist under the iron tyranny of custom? Surely the old opposition of democracy and servility, when applied to a society organized upon a basis of kinship, has lost its significance. The study of tribal organization that has been carried on during the past ten years or more, if it has not yet succeeded in solving the problem, has at least made it necessary to attribute new values to the terms employed and to transfer the discussion to another place. Freedom, or rather non-servility, under tribal custom takes on a new aspect in the light of recent research in anthropology.[1]

This, then, is our chief criticism upon what seems to be the main point of Professor Kowalewsky's book. We agree with him that an examination of the evidence leaves the balance of probability on the side of primitive freedom, but we are unable to accept his conception of the character of the primitive community and of the nature of its freedom.

[1] *Cf.*, for example, Dr. J. G. Frazer's lectures on the Origin of Kingship.

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Still, the case is not closed, for all the evidence is not yet in. Such a general survey as Professor Kowalewsky has laid before us is necessarily provisional. In respect to particular regions or countries, he brings evidence in support of his contention, but he does not (indeed no man could) examine all the evidence in existence. And so the book is really a bulky *plaidoyer* rather than an exhaustive and impartial investigation. It contains, on the other hand, a number of fresh and interesting things. For example, the chapter on Spanish conditions, although it is based largely on Brutails' work, has some striking and original pages on slavery in northern Spain and the Balearic Islands during the later middle ages. Then the same subject is very well illustrated in the section devoted to Sicily. Again, he believes that he has established the existence of the *jus primae noctis* in Catalonia, but Schmidt, who, as most people think, has settled this whole question, had seen our author's evidence and put another interpretation upon it.

If this volume is not disfigured by the numerous slips and material errors that marred its predecessors, it still falls very far short of perfection. The printer and the German editors must evidently accept the responsibility for a certain number of these blemishes. Also such slips as "Berwickshire" for Berks (p. 35), "Archbishop Lafrank" (p. 38), "Glocester" (p. 50), "Echequer" (p. 125), "Maddox" (p. 185), we must judge tenderly, having regard to the multiple refraction of English names and terms through one Russian and three German minds. But when these allowances have been made there still remain signs of a carelessness which is sometimes very gross. "Green's *Norman Conquest*" (p. 39) and the attribution of the *Dialogus* to the reign of Henry I (p. 80) are bad enough, but what are we to make of the amazing statement that Berkshire and Wiltshire, owing to their situation in the northeastern part of England, were naturally subjected to Danish influence (p. 61)? After this, the assignment (p. 446) of a charter to the forty-sixth regnal year of Philip Augustus (the Greek Kalends indeed!) and the transformation of the familiar phrase of Tacitus into "*acra per annos mutant*" (p. 214) appear natural enough. These defects should not be passed over in silence, although they do not affect the argument except in one case. Still, when all has been said, the book remains a fresh, vigorous and interesting treatment of the subject, valuable for its large scope and the possibility which it affords for a rapid comparison of agrarian conditions in western and southern Europe throughout a considerable period of time.

GAILLARD THOMAS LAPSLEY.

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Beiträge zur Wirtschafts- und Sozialgeschichte der Reichsstadt Frankfurt. By FRIEDRICH BOTHE. Leipzig, Duncker und Humblot, 1906.—ix, 172 pp.

Die Entwickelung der direkten Besteuerung in der Reichsstadt Frankfurt bis zur Revolution 1612–1614. By FRIEDRICH BOTHE. (Schmoller und Sering, Staats- und sozialwissenschaftliche Forschungen, Band xxvi, zweiter Theil.) Leipzig, Duncker und Humblot, 1906.—xliii, 304, 215 pp.

These books have the common purpose of laying the foundations for a proper understanding of the character and historical significance of the great popular uprising of 1612–1614 in the city of Frankfurt. The title of each volume is indicative of its central aim; but for the latter, a broader designation indicative not merely of its primary purpose but also of its broader viewpoint, would be quite in place; for the author's attempt to estimate in how far a growing burden of taxation may be accounted responsible for the uprising of 1612, even though it leads into an exhaustive study of the methods and results of taxation in Frankfurt during the course of the sixteenth century, is really only the central theme about which whole series of facts relating to the general economic history of Frankfurt are grouped. Brief reference to the author's conclusions will illustrate the inevitableness of this broader treatment. The tax situation in 1612 was the immediate, inciting cause of the outbreak; but, inasmuch as the burden of a tax is a relative thing, the oppressive weight of taxation in this instance was relative to the peculiar economic situation at the end of the sixteenth century. The maleficent influence of western neighbors, particularly the Low Countries, must be held responsible at bottom for this unhealthy condition which characterized not only Frankfurt, but all of Germany, decades before the outbreak of the Thirty Years' War. If this well-substantiated interpretation is an accurate one, the Fettmilch uprising must be regarded as of more than local historical significance and interest. It must be viewed as an illustration and a symptom of economic disorders existing in many other German cities during that era, the unavoidable preliminaries of the widespread conflict that followed some two decades thereafter. The author interestingly points out many parallels with modern conditions which, to his mind, not only illustrate his view of the importance of a study of the social constitution of the cities of the late middle ages and the early modern period, as a key to the understanding of present economic conditions, but at

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the same time contain a note of warning. The influence of the process of industrialization on the economic structure of the population, the trend away from agricultural activity, the rise in price of the necessities of life (especially in the cases of dwellings and of meat), the outstripping of small-scale industry by capitalistic large-scale production, the competition of the cheap labor of women and children, the struggles of masters and workers over the control and direction of industry, the tendency of workers to profit by striking on a rising market, the inciting and threatening of the more docile by the more restless workers, the rise of a materialistic mode of thought, the disappearance of good-breeding and of the proprieties of life with the sundering of the bonds of filial affection and authority—all these suggest parallels with modern conditions the significance of which cannot be carelessly thrust aside. Similarly, in the narrower field of taxation, Frankfurt's system was in its main lines not merely typical of practices widely prevailing in the sixteenth century, but replete as well with correspondences to present-day Prussian tax arrangements (as in the *Wehrsteuer*, the personal declaration, the heavy penalty for fraud, *etc.*). The painstaking care of the author in breaking new ground and the richness of the archive materials in which he worked make the larger volume worthy of a high place in the notable series of which it forms a part. It is valuable not only for its exhaustiveness as a chapter in the history of taxation, but also for its interest as an essay in the economic interpretation of history.

ROSWELL C. MCCREA.

THE SCHOOL OF PHILANTHROPY, NEW YORK.

The Greatness and Decline of Rome. By G. FERRERO. Translated by Alfred E. Zimmern. New York, G. P. Putnam's Sons; London, William Heineman, 1907.—Two volumes; viii, 328 and vi, 389 pp.

These two volumes cover the period from the death of Sulla to the assassination of Caesar, and include by way of introduction a brief summary of earlier Roman history in five chapters. The intention of the author, in his own words, is to present a survey of

> the entire course of one of the most remarkable societies in history, from its birth to its death—from the far-distant morning when a small clan of peasants and shepherds felled the forests on the Palatine to raise altars to its tribal deities, down to the tragic hour in which the sun of Graeco-Italian civilization set over the deserted fields, the abandoned cities, the homeless, ignorant and brutalized peoples of Latin Europe.

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From the scope of these volumes and of others which have not yet appeared in English we must conclude that the work is to be of enormous dimensions—literally a library of Roman history. Such a task can appear possible to no one but a man with a ready style, a talent for recombining the material collected by scholars and a willingness to forego the satisfaction of a personal examination of sources. These qualities the author seems to possess in a high degree.

In his preface he sets forth a theory of his subject, which he trusts he has been able to demonstrate:

> that the Roman world-conquest . . . was in reality the effect, remarkable, indeed, for its special conditions of place and time, of an internal transformation which is continually being re-enacted in the history of societies on a larger or smaller scale, promoted by the same causes and with the same resultant confusion and suffering—the growth of a nationalist and industrial democracy on the ruins of a federation of agricultural aristocracies.

In the first place, however, it is extremely doubtful whether the conquest of the Mediterranean world by Rome can be so neatly summed up in economic terms. The author's line of thought is simply an exaggeration of a well-known tendency in the present writing of history. Then, again, the internal transformation of which he speaks, so far as it took place, was an effect rather than the cause of the conquest; we can learn even from Ferrero that nationalism and industrial democracy developed in Italy after the conquest had nearly been achieved.

The author aims at an annalistic arrangement of his material. The many-sided conditions of an age are subordinated to the march of public events. At short intervals the narrative is interrupted by digressions on economic, social, intellectual, moral or other phases of contemporary life. Perhaps it is well that one history of Rome should be written in this way, with a view to illuminating the actions and policy of public men; but the method has its limitations and will not produce the best type of history; for the life of the people as a whole is far more important than individual happenings, and should accordingly be studied for its own sake.

A serious defect in the work is the lack of accuracy. It is not true that the urban quaestors had power "to prosecute all who were accused of capital offences" (I, p. 10), or that the aedileship was an essential step in the career of honors (p. 160). The agrarian law of Tiberius Gracchus was not "drawn up for him by two Greek experts" (p. 46). Plutarch, the authority cited, speaks of these Greek friends (who in

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fact were not experts in agrarian legislation) only as giving encouragement, and states that Tiberius himself drew up the law with the advice of Crassus, Scævola and Claudius. The medimnus is equivalent, not to fifteen bushels (II, p. 321), but to about a bushel and a half. These are illustrations of the author's loose way of treating facts. Much is questionable in his general pictures of a given period. It is difficult to believe, for instance, in the existence of an idyllic life throughout Italy in the year of Caesar's consulship, when even "the new slave immigrants contentedly cultivated the vine or the olive, or bred animals for the stable or transport, under the direction of a Greek or Oriental bailiff" (I, p. 311).

It is characteristic of the author to give a novel appearance to a period or a movement of history by a shift of emphasis. As an illustration may be cited the case of Lucullus, whom historians generally credit with a fair degree of military ability. In the opinion of Ferrero his brilliant personal initiative was epoch-making (I, p. 151); he showed himself "a worthy rival or successor to Alexander" (p. 178); "we may perhaps justly define him as the Napoleon of the last century of the Republic" (p. 199); Pompey and Caesar were his pupils (p. 200).

The central figure in the whole period is necessarily Caesar. Whereas Mommsen represented him throughout his career as moving steadily toward the goal he had set for himself in early life, Ferrero pictures him as a man more exposed than others to the buffetings of fortune, continually forced by circumstances to change his policy and his ideals, "the blind instrument of destiny, moulding the whole future course of European history." He entered upon his Gallic command in "a foolhardy mood" (II, p. 9), blundered constantly in diplomacy and in military affairs, always to recover lost ground by brilliant recklessness. His "De Bello Gallico," in the opinion of our author, is little more than a tissue of misrepresentations designed to hide the mistakes and brutalities of the proconsul, and yet so skillfully conceived and presented as to baffle refutation (p. 143).

The work is intensely interesting. It is composed in a magnificent style, which can be discovered in the present version notwithstanding the wretched translation and the slovenly typography. Although a majority of the author's positions may be found untenable, there will probably remain some fruitful suggestions, to improve though not to revolutionize the future treatment of Roman history. G. W. B.

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The Return to the Land. By JULES MÉLINE. Preface by JUSTIN MCCARTHY. New York, E. P. Dutton and Company, 1907. —xxv, 240 pp.

This book is a translation of *Le Retour à la terre*, published in 1905. In the first four chapters (originally entitled *La Surproduction industrielle*) the author traces the rapid growth of industry in various countries, and concludes that this mad race for industrial supremacy has brought about over-production, crowded the cities with idle men and women and depopulated the country districts. The remaining six chapters, entitled respectively, "The Return to the Land," "State Aid," "Village Life," "Artisans and Peasants," "The Present Condition of Agriculture," "The Colonies," "Agrarian Socialism," he devotes to a discussion of the phenomena which give the book its title.

It is a fascinating title, and Mr. McCarthy's glowing preface leads one to expect not only entertainment but enlightenment, while the eminence and charming personality of its author prejudices the reviewer in the book's favor. It is, therefore, with regret that he records his disappointment. While many things that are true are told in a charming manner, so many things are told that are not true, that one seeking information is likely to be led astray. The book is that of a rhapsodist rather than of a scientific thinker. There is lack of perspective, and the author seems to have no consistent economic theory on which to base his arguments.

He insists that owing to over-production, industry is on the decline, while agriculture is on the rise. Yet at the time the translator was putting these words into English, manufacturers were scouring the world for iron, many mills were closing down for want of raw material, and others, with orders booked for months ahead, were working day and night to satisfy the demand for manufactured articles; while on the other hand southern agricultural France was in a state of revolt as a result of over-production of wine, and in England, the United States and Germany farmers were organizing to limit their output.

An avowed protectionist, M. Méline laments that the high tariff on raw material has crippled French manufacture; but he overlooks the fact that the high tax on foreign feed-stuffs stands in the way of the development of the French dairy industry.

The author tells us that the rural population of France has declined one-half since 1862, and suggests remedies which are quite in keeping with the tone of the book. He cites measures taken by other countries, but usually fails to discover how far they have been effective. For ex-

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ample, only one unacquainted with the facts would attribute any far-reaching social effects to the English small-holdings act or to the homestead exemption acts of our states.

Due attention is given to the development of coöperation among French farmers and to the important activity of the *syndicats*, but no mention is made of the splendid work of agricultural enlightenment carried on through the departmental professors of the present government. The author advocates that the country people should be educated to appreciate "the beauties of nature and the advantages of life in the fields," while in another place he tells us that "the agriculturalist will always be obliged to rise before dawn and work till after sunset."

Clinging to ideals that have passed away, the author fails to understand that one can no longer damn a cause by calling it socialistic. His treatment of the strike of agricultural laborers in the south of France is the case in point. He condemns the strikers and accuses them of lack of patriotism because they revolt against their frightful conditions. He fails to see that it is the beginning of new things, and that while the socialists seem to have had little to do with the uprising, it would have been no discredit to them if they had.

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BOOK NOTES

Two more volumes have been added to the *Political History of England*, which is being issued under the editorship of Dr. William Hunt. They relate to the periods, 1485–1547 and 1603–1660, and their authors are H. A. L. Fisher and F. C. Montague (New York, Longmans, Green and Company, 1906, 1907; 518, 514 pp,). They fully maintain the reputation of the series for solidity and conservatism. The limitation, to about half a century each, of the periods treated in the volumes which relate to modern times makes possible the introduction of considerable detail and a rather full discussion of leading events and personalities. The style in both is clear and concise; the point of view is political. In the case of the early Tudors there is much opportunity for originality of treatment, and Mr. Fisher has fully utilized it; especially in that part of the volume which treats of Henry VIII he shows in every chapter independent and well-balanced judgments, the result of a fresh reading of the sources. In his treatment of the motives from which proceeded the divorce, Mr. Fisher takes issue with Gardiner and returns to substantially the view of Froude. The task of Mr. Montague has been in some respects more difficult. It was not easy, after so short an interval, to follow Gardiner in the period of the early Stuarts and the Puritan Revolution. The writer must necessarily sum up existing knowledge, and for that he must largely depend upon Gardiner's work. But the valuable critical bibliography at the close of the volume, as well as manifold passages in the text itself, reveal the fact that the book is more than an outline of Gardiner. In several important cases, as those of Bacon and Strafford, Mr. Montague expresses judgments at which Gardiner either did not arrive or which he did not allow himself to utter. As indicative of the machine-made quality which inheres in all the volumes of this series, the fact should be noted that the index is defective in many particulars, not even the names Thomas Wentworth or Strafford appearing in it at all.

Dr. C. D. Allin's volume on *The Early Federation Movement in Australia* (Kingston, Ontario, British Whig Company, 1907; x, 431 pp.) is a full survey of efforts to federate the Australian colonies during the first half of the nineteenth century. Following an introduction on colonial beginnings in Australia and Tasmania, there are chapters on the germ of federation, *i. e.*, the economic policy, on the work of Earl

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Grey, the first experiments with the office of governor general, the period of constitutional committees and that of parliamentary reports. The work will prove illuminating to those who have regarded federation as a recent idea and who are unaware of the long and arduous work which precedes any considerable political achievement. Dr. Allin has marshaled the results of his thorough researches with mature and sober judgment, while the vigor of his style lends color and charm to a theme naturally lacking in these qualities.

The first and second volumes of Professor H. A. Cushing's *Writings of Samuel Adams* were reviewed in this journal a year ago (xxii, 143). The third volume (New York, G. P. Putnam's Sons, 1907; 419 pp.) covers the period between March, 1773, and the close of 1777. At its beginning Adams was interested in the establishment of committees of correspondence in Massachusetts, as a means of opposing the payment of salaries to the judges out of royal revenue, and in the extension of such committees through the colonies. The episode of the Hutchinson letters, the "tea party," and the early experiences of Boston under the port act find a place in the pages of the volume. Many examples are given of the letters which Adams drafted for the committee of correspondence. Many are in acknowledgment of donations received by Boston while blockaded by the British. The last half of the volume is filled chiefly with letters from Adams while he was a member of the Congress at Philadelphia and Baltimore. They reveal very little of importance about the doings of that body and nothing in reference to its personnel. We are told that independence should have been declared nine months earlier than it was. The active patriotism of New England is sharply contrasted with the sluggishness of New Jersey and of Pennsylvania in 1776. Later, the Fabian policy of Washington is criticised, Schuyler is castigated and Gates is praised in the warmest terms. These letters will in no respect increase the reader's liking for the man who wrote them. They almost totally lack the human element which lends such interest to the correspondence of John Adams.

In a volume entitled *Samuel Freeman Miller* (The State Historical Society of Iowa, Iowa City, 1907; ix, 217 pp.) Charles Noble Gregory has made a useful contribution to our knowledge concerning the lives and public activities of the justices of the Supreme Court of the United States. The book forms part of the *Iowa Biographical Series* edited by Benjamin F. Shambaugh. Less than one third of the volume is devoted to the career of Mr. Justice Miller. The bulk of it is taken up with notes and references and with four appendices containing var-

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ious addresses delivered by that eminent jurist and a calendar of opinions rendered by him while on the Supreme Court bench.

An excellent example of the kind of research we are learning to expect from French socialist historians is the short *Histoire de la Commune* by Georges Bourgin, (Cornély, Paris, 1907; 192 pp.), which forms numbers 41 and 42 of the series known as the *Bibliothèque socialiste*. It is written directly from the sources, gives references for every statement, avoids digressions, wastes no rhetoric over its tragic story. Yet no amount of invective could so effectively reveal the naturalness of the uprising or leave the burden of guilt for the manner of repression upon the Versailles government as this simple chronicle. The anarchic condition of Paris during the commune is described without reserve; the story of the repression is left for the last forty pages. After a review of the statistics—20,000 killed, 13,450 condemned—the author ends with the simple comment: "Thiers could triumph; bourgeois order reigned in Paris and in France." Such eloquent implication is high art.

The translation of the *Memoirs of Monsieur Claude*, chief of police under the second empire, by Katherine Prescott Wormly (Houghton, Mifflin Company, Boston, 1907; 314 pp.), is a condensation of five of the ten original volumes into one. The translator has chosen those incidents which have either a political or a dramatic interest. The book contains little for the student of history. To judge from this volume, Claude must have been somewhat short-sighted in everything but tracking criminals. His revelations have but little value except in relation to the spy work of Germans before the war.

Under the title *Emancipation of the Mediæval Towns* (Henry Holt and Company, New York, 1907; 69 pp.), Professor F. G. Bates and Mr. P. Titsworth of Alfred University have translated the corresponding section of Lavisse and Rambaud's *Histoire générale*. The monograph, which is by A. Giry and A. Réville, is well worth translation, but needs some editorial comment to counteract its narrowly French point of view.

Two months before the separation of Norway and Sweden, in October, 1905, Dr. Nordlund issued a statement of the Norwegian case: *The Swedish-Norwegian Union Crisis* (Upsala, Almquist and Wiksell, 1905; 107 pp.). He discusses at length the technical points involved in the consular controversy, making some rather stringent criticisms of Nansen's little book on the same topic. He admits, however, that the crisis was not the outcome of a dispute over juridical questions, but the culmination of a growing nationalism in Norway.

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The Norwegian party leaders needed new programs; "national sensitiveness, already considerable, became excited to the utmost under the suggestive eloquence of Björnson and other agitators"; imagination was fed on heroic sagas and Viking exploits; Sweden was "too conciliatory with the crafty, unreasonable and dishonest Norwegians"; and so the crisis arose. The tract is an interesting and valuable source, for it expresses the history-making feelings that often escape juristic examination. There is a useful appendix of constitutional documents.

Professor Fahlbeck's volume, *La Constitution suédoise et le parlementarisme moderne* (Paris, Picard et Fils, 1905; 349 pp.) is a welcome addition to the literature on Swedish government available to those who do not read the Swedish language. The most valuable portion of the book is the first four chapters (in which the author outlines the development of the Swedish constitution) and the appendix of documents in French. The second part of the work is devoted to a comparison of the Swedish parliament with that of other countries, summing up the results in a concise and interesting table (pp. 283–285), designed to show why the English system ought not to prevail in Sweden. The powers still exercised by the Swedish king are too considerable, the two chambers enjoy equality, and the ministry is not designed for responsibility. Moreover, "Sweden lacks the first condition for parliamentary government on the English fashion, that is to say, parties struggling for power without representing the interests of any social group"—a statement which will doubtless surprise students of modern English history.

The first issue of the *Jahrbuch des öffentlichen Rechts* (Tübingen, J. C. B. Mohr, 1907; vi, 429 pp.), published by Professors Jellinek, Laband and Piloty in connection with their systematic work *Das öffentliche Recht der Gegenwart*, has now appeared. In some respects this annual is disappointing, for it was to be hoped that it would contain precise information on the year's developments in constitutional law in at least every important country. The difficulties of such an undertaking are of course enormous if not insurmountable, and our editors have contented themselves with publishing special articles of undoubted interest on several constitutional questions. Professor Laband reviews the historical evolution of the German imperial constitution since the foundation of the empire; Professor Zorn outlines the development of political science during the same period; Professor von Ullmann writes on the Hague Conference of 1899 and the growth of international law; Professor Freund (Chicago), on jurisprudence and legislation; Professor Bartholdy, on reform in the administration of justice;

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Dr. Steinbach, on legal and parliamentary government in Hungary; and Professor Burgess (Columbia), on the American presidential election. There are also notes on public law in Prussia in 1906; on the Bavarian Landtag election law; on constitutional and administrative reform in Würtemburg; on the constitutional revision of 1904 in Baden; on recent administrative changes in Brunswick; on constitutional revision in Mecklenburg; on the latest advances in Belgian public law; on legislation in Denmark during 1906; on the development of the Swiss federal constitution since 1874; and on public law in Spain.

Professor John R. Commons has published a second edition of his *Proportional Representation* (New York, The Macmillan Company, 1907; xi, 369 pp.), without any material alterations in the original text. As there has been relatively little progress in the introduction of proportional principles since the appearance of the book eleven years ago, and as the arguments advanced in support of the proposed reform are substantially the same, the volume retains all of its intrinsic merits even as a reprint. Professor Commons has furthermore added some appendices on the legalization of parties, the initiative and referendum, proportional representation from the American point of view, and the representation of interests.

The first series of public lectures on the Blumenthal foundation, in Columbia University, was delivered by Dr. Albert Shaw and has now been published under the title, *Political Problems of American Development* (New York, The Columbia University Press, 1907; vii, 268 pp.). The chief topics considered are: sectionalism and unity, immigration, race and citizenship; domain and public guardianship of natural resources; parties and their relation to government; economic policies relating to railways, tariff and money; and, finally, foreign policy. Dr. Shaw's thesis is that "the underlying purpose of the American government has been to create and maintain democratic institutions, based on a high degree of average intelligence, capacity and well being"; and a decidedly optimistic note runs through each lecture. We have been successful in dealing with European immigrants in general, but we will not allow any large influx of Mongolians to impair the essential unity of our civilization. The negro question will be solved through the working of many natural forces, and, by degrees, conditions tolerable to both races will be established. The spoils system in politics has not been eliminated, but it is no longer dominant; the recent policy with regard to the conservation of natural resources is to be approved; the further concentration of wealth must not be en-

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couraged by failure of the government to protect the citizen from spoliation; and the extension of government activity is not a departure from original ideals but is designed to protect the citizens in the exercise of a reasonable freedom of action.

A fruitful theme for discussion at meetings of grammar school teachers is the problem of combining instruction in history and civics, and Professors Woodburn and Moran, in their *American History and Government* (Longmans, Green and Company, New York, 1906; lxxxviii, 476 pp.), have attempted to supply the missing text-book. Their plan is a simple one. They devote ten chapters to the history of the colonial period from the early explorations to the establishment of independence; they then turn aside from the narrative to describe in ten chapters the organization of the government; finally the narrative is resumed and brought down to the present time. The value of their work can only be determined by the practical test of the classroom.

Dr. Herman V. Ames has done a real service to the teachers of American history by bringing together from sources not easily accessible a selection of *State Documents on Federal Relations* (Longmans, Green and Company, 1906; 320 pp.), which serves to illustrate the attitude of state legislatures on the great federal issues from the formation of the constitution to the outbreak of the Civil War. There are in all one hundred and fifty-five papers, comprising resolutions of legislatures, and speeches, messages and letters of governors. These materials enable teachers and students to ascertain at first hand the views of the various states on such important questions as the assumption of state debts, the embargo act, the bank, the tariff, internal improvements, nullification, abolition, slavery, compromise measures and the beginning of secession. The papers are prefaced by explanatory notes and a bibliographical apparatus which form an elaborate introduction to an almost unworked field of American history.

The broad experience of Secretary Taft as a politician, judge, colonial administrator and member of the cabinet gives a highly practical value to his Yale lectures, now printed under the title of *Four Aspects of Civic Duty* (Scribners, New York, 1906; 111 pp.). There are few questions of political life which he does not touch, directly or by suggestion. He is out of patience with the *laissez-faire* doctrines of the old-time professor and quite angry with the "university graduate of means and opportunity for social usefulness who allows his emotional side to overcome his judgment so that he develops into a parlor socialist." He urges the importance of practical politics even at the cost of sometimes associating with saloon keepers; for "there

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are among them honest, hardworking men rising early in the morning and staying up late at night," and they have influence over workingmen and persons with small means. Speaking from the standpoint of a judge, he deprecates giving too much power to juries, for they are apt to be charitable at the expense of corporations; and he insists that the Supreme Court ought to be held up constantly to the state courts as an example. His political experience convinces him that the day of the "muckraker" is past, that our newspapers are too regardless of personal rights and that an inheritance tax is to be commended. From his experience as first colonial governor, Mr. Taft concludes that no other government would be as unselfish in the Philippines, that only a small fraction of the restless demand independence and that our next great task there is industrial education. As secretary of war, Mr. Taft takes to task anti-imperialists and critics of the government in times of crises; he finds many practical limitations on the executive in the discharge of his duty, and he praises the efficiency of our civil service as well as the general disinterestedness of the legislators at Washington.

The Hart, Schaffner and Marx prize essay awarded to Dr. Earl Dean Howard is now published as *The Cause and Extent of the Recent Industrial Progress of Germany* (New York and Boston, Houghton, Mifflin and Company, 1907; 947 pp.). Half of the volume is devoted to a brief résumé of the industrial history of Germany, especially since the war with France—a résumé which furnishes a useful introductory outline of a subject on which there is little or no literature in English. The causes for the rapid economic advance of Germany, according to Dr. Howard, are physical vigor and fecundity, military discipline, capacity for organization, inventive genius, industrial education and financial ability. Dr. Howard accepts the statistics of Professor Ashley as evidence of the increase in the prosperity of the working classes, approves the activities of the government on their behalf, and concludes that the German workingman in general is contented—three million social democrats notwithstanding.

Dr. Frederic C. Howe's book on *The British City* (New York, Charles Scribner's Sons, 1907; xvii, 370 pp.) is a sympathetic study of municipal ownership and administration in England viewed as a means of improving the economic and social conditions of the city dweller. Incidentally he maintains that British municipal enterprise is on a sound financial basis and tends to eliminate a large portion of corruption by removing the question of franchises from city politics. Dr. Howe nevertheless does not believe that "clean" politics and govern-

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ment by gentlemen will alone eliminate the terrible overcrowding and the wide-spread poverty in cities, since these evils spring from special privileges which the ruling class, however honorable in intentions, will not relinquish. As a remedy, our author suggests a militant democracy with the taxation of ground values as the central principle of its program.

In a small volume of about forty pages, President Eliot discusses the advantages enjoyed by rich men and the problems confronting them (*Great Riches*, New York, Crowell and Company, 1906; 38 pp.). In general his reflections are comforting to the person of moderate fortune, for the law of diminishing returns works frightfully fast on the rich man's pleasures. Even in the investment of money, the vast estate so carefully improved cannot be secured for his family. Moreover his children are handicapped by the lack of proper stimulus to industry. President Eliot therefore advises the wealthy father to encourage his children to engage in the ministry, politics and social service, and expresses the belief that there is no danger in America of a permanently rich class, on account of the prevailing laws of inheritance and the tendency of fortunes to dissipate.

A somewhat unique statement of the leading ideas and facts of the movement for the advancement of women is Dr. Karl Wolf's *Katechismus der Frauenbewegung* (Leipzig and Berlin, Teubner, 84 pp.). It contains in all 372 questions and answers covering the entire field under the following topics: general principles, historical origin and development of the woman question, education of women, their legal rights, their occupations, their relation to general culture. Here one can find in short form a precise description of the woman movement, the position and distribution of women in German industries, their political and civil rights and their concrete demands for legal and economic reform. There is also a short bibliography.

It is difficult to see any particular reason for the translation of M. G. de Molinari's *La Société future* (*The Society of Tomorrow*, New York, G. P. Putnam's Sons, 1904; xlviii, 230 pp.), for the beatific visions of the millennium through free trade and *laissez faire* are not unknown to the English-speaking world. There is nothing new or illuminating about the theory that the "population is limited by the means of subsistence" or that "capital is the product of thrift." Still more inexplicable than the translation of the work is the addition of a collectivist introduction by Mr. Hodgson Pratt.

The extensive agitation for woman suffrage in England has induced Dr. Stanton Coit to issue a cheap edition of Mill's *The Subjection of*

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Women (Longmans, Green and Company 1906; 128 pp.) A brief introduction contains an analysis of the argument of the book and a summary of the changes in the legal status of women since its first publication in 1869. The fact that women are still subject to laws which are not of their own making leads the editor to contend that the volume is as timely to-day as it was when it first came from the press.

M. de Molinari's *Questions économiques à l'ordre du jour* (Paris, Guillaumin et Compagnie, 1906; 387 pp.), is a collection of essays on several topics which are attracting public attention to-day: "the natural laws which socialists and protectionists ignore"; the relation of these laws to the participation of labor in the profits of production; the justification for the share enjoyed by capital; the causes which are responsible for protectionism and will work for its destruction; the substitution of the gold for the silver standard and the necessity of securing a less unstable measure of value; the utility of religion; and finally the impossibility of perpetuating a military régime in opposition to the actual conditions of social existence. The point of view is that of the individualist free-trader, and the conclusions harmonize in general with the principles of that school.

Mr. Sydney Reeve's *Cost of Competition* (New York, McClure, Phillips and Company, 1906; xix, 607 pp.) is an eloquent protest against the economic and ethical cost of the competitive system of industry. According to our author, the ceaseless struggle for profit and livelihood is chiefly responsible for poverty, urban congestion, corruption in politics, disreputable journalism, "sheet-iron cornices in imitation of marble masonry" and "frantic advertising signs." For the economic science of the schools, Mr. Reeve has high contempt; and he contrasts with the exact working of the laws of physical science its inability to predict the movements of social phenomena. The test of science, he says, is this power to predict; "Yet our economic science predicts nothing. Not a war, not a panic, not a strike, not even a flurry upon Change does it pretend to predict to the confidence of even a minority of its adherents. Not a single legislative body or policy is guided by its dictum." Mr. Reeve proposes to make the beginning from the foundations—as other men have done before him—and build a science principally upon the theories of Edward Bellamy. Men will differ as to the degree of his success, but it must be admitted that he has presented his case forcefully if not always logically and has written many passages of genuine literary merit.

Professor Goldwin Smith's little volume on *Labour and Capital* (The Macmillan Company, 1907; pp. 38) is designed as a piece of

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candid advice to workingmen. It deprecates the use of violence or annoyance of any kind for the purpose of deterring any man from making his bread by such honest calling as he may see fit and under any employer that he may choose. The author also suggests that heirs of wealth, for their own safety in these troublous times, should "try to make their privileges less invidious, at the same time elevating themselves and enhancing their enjoyment . . . by mingling with the cup of pleasure some drops at least of social duty."

A tangible result of a unique departure in the methods of the French seminar is offered in the collection of essays under the title *Questions monétaires contemporaines* (Paris, Larose et Forcel, 1905; 852 pp.). With a view to inducing their distinguished students to engage in scientific work at a period when much time is ordinarily wasted in the preparation for examination, several professors of the University of France, Professors Cauwès, Souchon and Bourguin, initiated the plan of a work of coöperation in the intensive study of a single important practical question. Among the subjects treated by the co-workers are money and prices, the production of gold and of silver, the fall in the price of silver, bimetallism in Europe, and the money question as it presents itself in Italy, Austria, the Far East and South America. Aside from the good effects of the coöperative work in drawing teacher and students into closer relation and in promoting more searching common criticism, the very high quality of the essays recommends the plan that has been followed.

A plea for the speedy repeal of the Dingley law is made by Franklin Pierce in his book on *The Tariff and the Trust* (New York, Macmillan Company, 1907; 387 pp.). The author has not succeeded in throwing any new light on the question. The old familiar facts and ideas are stated in the old familiar ways.

Under the title of *Economics as a University Discipline* (*Die Nationalökonomie als Universitätswissenschaft*, Leipzig, Teubner, 1906; 407 pp.), Professor Wilhelm Stieda has published a scholarly dissertation as the twenty-fifth volume of the proceedings of the philologico-historical section of the Royal Saxon Academy of Sciences. It is a unique contribution to the history of economic pedagogics, and, incidentally, to the history of economic science. Dr. Stieda treats of the origin of the so-called chamber-sciences (*Kameralwissenschaften*) in the German universities, and he gives some interesting facts about the economic societies and the general conditions in the German universities in the latter half of the eighteenth century. He then takes up, in detail, the growth of the economic faculties in the more important uni-

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versities, and ends with a minute description of the development of political science in general at the University of Leipzig. The investigation is based largely upon hitherto unpublished material, and will be invaluable to students of the history of economics.

From the pen of M. Hector Denis, professor at the Free University at Brussels, comes the second volume of his history of economics (*Histoire des systèmes economiques et socialistes*), under the title of *Les Fondateurs* (Paris, Giard et Brière, 1907; 576 pp.). M. Denis' plan of writing a history of economic theory, it will be remembered, is to concentrate attention upon a few leading thinkers, treating them as representative of the entire development. Thus, the present volume, after dealing briefly with Godwin and Condorcet, apportions over half its space to Ricardo and Malthus and devotes the rest of the volume to Sismondi, Owen and Thompson. M. Denis bases his description upon material which has become familiar to all English-speaking students, and his temperate conclusions are in harmony with those of the recent English and American writers on the subject. While, therefore, the work will be undeniably valuable and interesting to his compatriots and to the French, it brings comparatively little of importance to us. The only exception is the full and interesting treatment of Sismondi.

Since the re-discovery by Roscher of the book of Oresme, the noted mediæval writer on money, there has grown up quite a literature regarding the exact importance and originality which ought to be ascribed to him. The latest contribution to the subject is a bulky and elaborate work by M. Emile Bridrey, entitled *Nicole Oresme*, with the sub-title, *La Théorie de la monnaie au xiv^e siècle. Etude d'histoire des doctrines et des faits économiques.* (Paris, Giard et Brière, 1906; xxxix, 741 pp.). M. Bridrey's work bristles with erudition and is planned on a gigantic scale. After a preliminary critical chapter on the various texts, he takes up the feudal conception of money, the theory of Oresme, a criticism of mediæval monetary theory and a study of the real sources of the doctrine. A second part deals with the application of the theory, especially in the monetary reform of Charles V and its effect, and offers a conclusion as to the influence of Oresme on subsequent monetary theory. The series of appendices include extracts from the Latin texts and the early English translation, and some interesting hitherto unpublished manuscripts consisting of marginal notes, or glosses, on Aristotle by Oresme. There is also an elaborate bibliography of 39 pages. Taking it all in all, the work of M. Bridrey may well be called the definitive treatment of the subject, and while it does

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not sustain the somewhat exaggerated claims of Roscher and Wolowski, it revindicates for Oresme the important position which has been denied to him by many critics. As a contribution to the history of mediæval economic theory, M. Bridrey's book, which is that, on the whole, of an historian rather than of an economist, constitutes a work of the first magnitude.

Another phase of the history of mediæval economic theory is represented by a study of the usury question by Dr. Franz Schaub, *Der Kampf gegen den Zinswucher, ungerechten Preis und unlauteren Handel im Mittelalter, von Karl dem Grossen bis Papst Alexander III* (Freiburg, Herdesche Verlags-Buchhandlung, 1905; 217 pp.). Although published under the auspices of the theological faculty of the University of Munich, it deals with matters of great interest to the economist; for, at the period of which it treats, a large part of the economic doctrine, as is well known, was contained in the writings of the theologians. The author attempts to ascertain the origin of the mediæval theory and devotes the first part of his book to the legislation and the economic conditions at the time of Charles the Great; the remainder of the book deals with what he calls the second great usury legislation, under Pope Alexander III. Schaub differs entirely from Fedor Schneider, who claims, in a recent article in the *Vierteljahrschrift für Social- und Wirthschaftsgeschichte*, that Schaub has ascribed entirely too much importance to the Carolingian period and has really misconceived the economic facts. This is not the place to discuss the relative merits of the opposing views; it will suffice to call the attention of students of the history of mediæval theory to the mass of new material, especially of a literary character, that has been assembled by Schaub.

M. Paul Guiraud, a professor in the University of Paris, has been long and favorably known not alone to historians but also to economists, more especially because of studies on the land systems of Greece. He has now collected some of his miscellaneous essays on economic topics under the title *Etudes économiques sur l'antiquité*. (Paris, Hachette, 1906; 297 pp.). Among the topics treated are the development of labor and the state of population in Greece; the property tax in Athens as well as in Rome; the economic basis of Roman imperialism and the career of a typical Roman financier, Rabirius. M. Guiraud bases his work everywhere on original material, and his studies will be of interest to those who emphasize the importance of economic factors in political and social development.

The attention now devoted to India by many students of compara-

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tive politics lends a special timeliness to the collection of essays and speeches by Mahadev Govind Ranade, under the title, *Essays on Indian Economics* (Madras, G. A. Nateason and Company, 1906; 353 pp.). The first edition appeared during the lifetime of Justice Ranade, in 1898, and this second edition forms the first instalment of his collected writings. The author not only has a complete command of English but uncovers with great skill the mistakes made by the British in applying the maxims of English political economy to Indian conditions. Everywhere temperate in the expression of his opinions, the author discloses familiarity with economic facts and economic speculation on the European continent; and he brings out in a very convincing way the influence which English domination has exerted upon what he calls the progressive rustication or ruralization of Indian economic life.

The financial history of the Civil War has been discussed from many points of view; but it has been reserved for Mr. Ellis Paxson Oberholzer to make it center around the activities of a single individual. In his *Jay Cooke, Financier of the Civil War* (Philadelphia, Jacobs and Company, 1907; 2 vols., 590, 658 pp.), Mr. Oberholzer has collected a great mass of interesting detail. He presents a vivid account of the assistance which Jay Cooke rendered to the country in connection with the public subscription to the great five-twenty and seven-thirty loans. Like every enthusiastic admirer, he inevitably exaggerates the exploits of his hero; but it is well to recall, to an age whose chief memory of Jay Cooke is associated with his unfortunate relations to the Northern Pacific Railway and his tragic failure of 1873, the fact that he did indeed do yeoman's service for his country during the Civil War. Mr. Oberholzer's well-written volumes enable us to peer behind the curtain, and to learn, what has been long suspected, that Secretary Chase to a very great extent leaned upon, and learned from, this simple-minded and warm-hearted patriot. We may indeed not ascribe to him, as does Mr. Oberholzer, the same influence in the Civil War that Robert Morris exercised during the War of Independence; but we must recognize the fact that Jay Cooke contributed not a little to the upbuilding and the maintenance of the public credit. The book will be indispensable to the future historian of fiscal affairs.

The Moody Corporation has recently added two books to its list of works which are of interest alike to the economist and to the practical financier. The first is a small book by Thomas Gibson, entitled *The Cycles of Speculation* (1907; 183 pp.). This contains, in the first part, a not very profound discussion of crises; but it includes a rather good treatment of the connection between the supply of money and the

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prices of securities. The second part furnishes a variety of information on puts, calls, privileges, scalping and the like, designed to be of practical assistance to the speculator, but incidentally affording much information to the outsider. The other work is a far more elaborate study, by Carl Snyder, on *American Railways as Investments* (1907; 762 pp.). This is a companion volume to similar works recently published by him on *Mining Investments* and *Classified Investments*. It takes up in turn all the more important railway lines and systems—about ninety per cent of the whole—and gives in clear and simple language the essential facts underlying the ordinary railway accounts. Although intended primarily to give to the investor the means of estimating the real worth of securities, the book will be of value to the general student.

Among the recent output of American books on the railway question, three volumes deserve special mention. The first is entitled *Railway Organization and Working*, edited by Ernest R. Dewsnup (University of Chicago Press, 1906; 498 pp.) The volume comprises a series of lectures delivered before the railway classes of the University of Chicago, by officials of the railways themselves. Most of the addresses, which cover a great variety of topics, are very slight, only a few—as for instance that on the problem of car service—being of interest to the general reader or to the special student. A second work is *Railway Corporations as Public Servants*, by Henry S. Haines (New York, The Macmillan Company, 1907; 233 pp.) Mr. Haines has written so much on the railway question that it was evidently difficult for him to advance any new ideas. The work contains the substance of a course of lectures delivered at the Boston University School of Law, and he attempts to bring the discussion down to the spring of 1907. Perhaps the most striking part of the work is that which deals with the development of the Union Pacific Railway, which is shown now to be dominant or powerfully influential in 54,000 miles of railways. The third book is *The Federal Regulation of Railway Rates*, by Albert W. Merritt (Boston, Houghton, Mifflin and Company, 1907; 240 pp.). This is one of the Hart, Schaffner and Marx prize economic essays—and is a useful review of the chief decisions of the Interstate Commerce Commission. As the book, however, was written before the passage of the act of 1906, it sounds curiously out of date, notwithstanding the fact that references to the new law are added in the notes. Mr. Merritt's plan for national control is to create a special court to decide railroad cases, and to relegate to the commission all administrative powers. Not only is the book out of date, but some of its statements

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are questionable. Such, for instance, is the passage on page 47, that private-car-line systems are beneficial, and that it would be a great economic waste for railways to run their own refrigerator cars—a statement which is evidently too broad and which can not be reconciled with the recent abandonment of the Armour private-car contracts by the Harriman lines.

The subject of the state purchase of railways has again come prominently to the front in England and in France since the recent transfer of the railways from private to government control in Switzerland, Italy and Japan. Mr. Edwin A. Pratt takes very strong ground against the scheme in his *State Railways: Object Lessons from Other Lands* (London, P. S. King and Son, 1907; 107 pp.). About half the book consists of a translation of M. Marcel Peschaud's article on the Belgian state railways. Both Mr. Pratt and M. Peschaud find in Belgium nothing but a warning example, and Mr. Pratt speaks in addition of the "disgraceful experience of state ownership in Italy." The book is a distinctly one-sided tract.

It is interesting to read, side by side with Pratt's book, the work of M. Edgard Milhaud on the suggested purchase by the government of the French railways, *La Rachat des chemins de fer* (Paris, Edouard Cornély et Compagnie, 315 pp.). M. Milhaud, who is professor of economics at Geneva, has written a far more elaborate and less intemperate book, but one which is very strongly in favor of state purchase. He finds in the Belgian railways much to admire in comparison with the French private railways. His description of the Italian railways, written just before they were turned over to the state, shows that private ownership in Italy was certainly no better than is government ownership at present. The most interesting part of the book is the contention as to the growing success of the rather insignificant government railway system in France, and the proof that even the opponents of government ownership can no longer find any fault with the government line. Notwithstanding all the opposition, the system of government railways is making continual and marked progress on the European continent.

Since the lamented death of Toynbee, whose book on the industrial revolution in England was really intended to be only a sketch, we have had no thorough investigation of that interesting period of economic transformation in England. The gap has now been partly filled by an elaborate work by M. Paul Mantoux, entitled *La Revolution industrielle au xviiie siècle: Essai sur les commencements de la grande industrie moderne en Angleterre* (Paris, Société Nouvelle, 1906; 543 pp.).

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M. Mantoux has gone direct to the original material, having had access not only to the government blue books and to the important pamphlet literature in the British Museum and in the Foxwell library, but also to various manuscript collections of important personages which are to be found in the provinces as well as in London. The result is a thorough and elaborate piece of work, which takes up in turn the various phases of the transformation from 1760 to 1800, with some interesting surveys of the periods immediately antecedent and subsequent. The investigations are indeed not exhaustive, as could not well be the case, and there is still ample opportunity left for further researches into the minute details. But so far as the broad lines of development are concerned, M. Mantoux's book is a notable addition to the history of economic institutions.

One of the most interesting episodes in British history is recalled by the appearance of *A History of William Paterson and the Darien Company*, by James Samuel Barbour (Edinburgh, Blackwood, 1907; 284 pp). Paterson will be remembered as the founder of the Bank of England and as the projector of the ill-fated expedition to Darien. To those who have had access to the three-volume edition of the writings of Paterson, by Saxe Bannister, published in 1859, there will be comparatively little that is new in Mr. Barbour's book. But he has given an entertaining account of the ill-starred scheme and has made clear to the present generation some of Scotland's obligations to the gifted schemer.

The example of an economic study of the leading English industries, so well set a few years ago by Professor Chapman in his *Lancashire Cotton Industry*, has been followed by two excellent books on *The Woolen and Worsted Industries* and *The Paper Trade*, both published by Methuen and Company, in 1907; the former written by Professor J. H. Clapham, of the University of Leeds, and the latter by Mr. A. Dykes Spicer, the head of one of the largest paper mills in England. Both books deal fully with the sources of the raw material, the detailed methods of manufacture and the conditions of the employees. Professor Clapham's book gives, in addition, an interesting account of the rather complicated system of commercial organization, and adds a chapter on the woolen and worsted industries in other countries, including the United States. Both works contain a mass of material which will be invaluable to the student of comparative economic conditions.

Mr. Louis B. Boudin has reprinted from the *International Socialist Review* a number of articles on *The Theoretical System of Karl Marx*

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in the Light of Recent Criticism (Chicago, Charles H. Kerr, 1907; 286 pp.). In socialism, as well as in economics in general, there is now a distinction between orthodoxy and liberalism, with a difference, however, that in the case of socialism a great deal of personal bitterness has been imported into the discussion. M. Boudin is an orthodox Marxian of the most extreme type—a type which is fast disappearing in Germany, and which has almost disappeared in all other countries where socialism is becoming a great practical movement. It is significant that in the United States, where practical socialism is insignificant, the theoretical intransigeants should be so much in evidence.

When Karl Marx's *Capital* was translated into English some twenty years ago, the two volumes of the English translation represented only the first volume of the original. The socialist publishing house of Chas. H. Kerr and Company, of Chicago, has now undertaken the publication of an English translation of the entire work, and has laid English-speaking students under obligation by issuing a translation of the second volume under the title, *The Process of Circulation of Capital.* The volume is translated from the second German edition by Ernest Untermann. The previous English translation of the first volume has been reprinted in a single companion volume, and it is hoped that the third volume will soon be issued.

Mr. Pierre Ramus, a continental anarchist, has published a sketch and appreciation of William Godwin under the title of *Der Theoretiker des kommunistichen Anarchismus* (Leipzig, Dietrich, 1907; 86 pp.). To English readers, Godwin is of course by no means so unfamiliar as Mr. Ramus thinks; and the monograph adds little, if anything, to the common fund of information on Godwin. The chief use of the tract is to give the author an opportunity to explain his own views of anarchism.

From the DeVinne Press there comes a sumptuous monograph by W. Hamilton Benham on *Trade and Trade Centers of History* (1907, 64 pp.). It is printed for Mr. Henry W. Swords, and its only justification is the excuse which it gives for including some of the remarkable prints of prominent merchants and financiers in the collection of Mr. Swords. As a contribution to, or exposition of, the subject of trade centers it is of no significance.

In *The Romance of Steel, The Story of a Thousand Millionaires* (New York, A. S. Barnes and Co., 1907; 376 pp.) Mr. Herbert M. Casson gives a popular and dramatic account of the development of the modern iron industry. The book is ornamented with numerous photographs and is well calculated to maintain the interest of the average reader.

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The history of Icaria has been sketched several times in recent years by American writers. It has, however, been reserved for a young Frenchman, M. Jules Prudhommeaux, a former student of Henri Michel, to write an exhaustive account of the various experiments of Cabet, under the title *Icarie et son fondateur Etienne Cabet* (Paris, Cornély, 1907; 688 pp.). M. Prudhommeaux spent several years in this country on a mission to study the Fourierist communities, and this book on Cabet is simply the first instalment of his researches, soon to be followed by others. The book devotes little attention to the history of Cabet after his return to the United States, but is very full as to the American experiments. The bibliography occupies 36 pages and contains a list not only of the writings of Cabet himself, but of the periodical and pamphlet literature issued by the participants in the various communities. The volume also contains a large mass of original documents. Altogether it is easily the best and fullest account of the subject that has yet appeared.

Mr. Benedikt Güntzberg has attempted to treat a somewhat less familiar aspect of the work of the physiocrats, under the title *Die Gesellschafts und Staatslehre der Physiokraten* (Duncker und Humblot, Leipzig, 1907; 144 pp.). It is well known that the physiocrats hoped to effect their economic reforms through the existing monarchic government, and that they endeavored to bolster up the theory of the absolute monarchy by using the same doctrine of natural law which, in the economic field, led them to extreme individualism. Mr. Güntzberg gives a detailed account of these doctrines and explains how it was that the physiocratic politics were so much less successful than their economics.

In a study of von Thünen entitled *Johann Heinrich von Thünen und seine nationalökonomische Hauptlehren* (A. Francke, Bern, 1907; 156 pp.) Dr. Max Büchler has attempted to give a final estimate of that great writer's contributions to economic science. Though the book is an outgrowth of four years of study, it can scarcely be said to have achieved the result hoped to be attained by the author. Dr. Büchler finds the real contribution of von Thünen, apart from his use of the the mathematical method, to consist in his theory of the cost of transportation and the so-called intensity doctrine of rent. He characterizes his formula of wages—which it will be remembered von Thünen esteemed so highly as to have it engraved on his tombstone—as nothing more than "an interesting error of an otherwise acute thinker." But as Dr. Büchler is evidently in complete ignorance of the newer theories of wages and interest, which have become familiar in England and America, he utterly fails to estimate in their due propor-

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tions the contributions of von Thünen to those doctrines. Von Thünen is judged simply with reference to the older theories of rent and population. So far as it goes, Dr. Büchler's monograph is valuable; but it is far from being a definitive estimate of the real importance of von Thünen.

An unusually timely book is published by the Macmillan Company under the title *The Modern Trust Company*, by Kirkbride and Sterrett. The authors endeavor to give "a working knowledge of trust company and banking methods," and, to this end, they offer a classification of the varied forms of banking and fiduciary business carried on by trust companies in the United States, to each of which they give a typical, detailed description. The clearness and usefulness of the work is enhanced by the reproduction of actual business papers and forms in use, and by the addition of an ample bibliography.

Economic and Statistical Studies, 1840-1890, by John Towne Danson (London, T. Fisher Unwin, 1906; 282 pp.) was published chiefly as a memorial to Mr. Danson, who died in 1898. The volume contains an introduction by Professor E. C. K. Gonner, a biographical memoir by the daughter of Mr. Danson, and pamphlets on "Colonies" and the "Condition of the People of the United Kingdom, from 1839 to 1847." A piece of work, unfinished at the time of Mr. Danson's death, in which he sought to bring down to the end of the century the work of Tooke and Newmarch in the history of prices, is here published in a series of charts and tables which is said to be the practical *raison d'être* of the volume. After reading the author's criticism of his friend J. S. Mill, to the effect that personal intimacy diminished the respect for his mental powers, one is not surprised to learn that Mr. Danson "had a hawk-like sense—and satisfaction—in detecting small inaccuracies."

The demand on the part of teachers of introductory classes in economics for a handbook of illustrative material will doubtless be met by Professor Bullock's *Selected Readings in Economics* (Boston and New York, Ginn & Company, 1907; 705 pp.). An abundance of descriptive, historical and theoretical material is supplied, bearing upon the most important topics treated in the usual elementary manual.

In a doctor's dissertation by Carl Piekenbrock on *La Loi allemande sur les bourses du 22 juin 1896 et ses effets* (Essen, W. Girardet, 1905; 270 pp.) are to be found a sketch of the regulations applying to the exchanges before the law of 1896 was passed, a description of the economic and political causes which led to that particular form of legislation, an analysis of the aims of the law and an opinion as to its

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actual effects. The author concludes "de quelque côté qu'on étudie la question, on voit que la loi de 1896 n' a produit que des effets malfaisants."

If it be true that a foreigner describing Americans and American conditions must begin by flattery if he desires to be read, *American Finance*, by W. R. Lawson (Edinburgh and London, Blackwood and Sons, 1906; 391 pp.), which was "written specially for American readers," should have a wide circulation. This accomplished journalist and financier has given a very readable account of our domestic finance, covering its evolution, its organization, its creative and its destructive powers. At a time when every "financial interest" has its plan of financial reform this remark of Mr. Lawson's should be pondered: "In financial or commercial crises a great reserve power, like the independent Treasury, standing calmly outside the storm and ready to assist the shipwrecked, may be a veritable bulwark. Against the service it can render in perilous times, the money it may divert from banking and commercial channels should be a very moderate offset."

Under the title of *Staat und Wirtschaft*, Dr. Biermann of Leipzig has planned a work of three volumes designed to set forth a sociological theory of the state. The first volume (Berlin, Puttkamer and Mühlbrecht, 1905; 199 pp.) is a study of the theories of economic individualism, as (in the author's opinion) they are represented by the physiocrats, Adam Smith and the classical school, anarchism, Marxianism and the Manchester philosophy. According to the author, there are two main types of social philosophers: those who view the welfare of the collectivity as the highest goal, to the attainment of which the individual is subordinate, and those who regard the welfare of the individuals composing society as the end of all social arrangements. The American student who has had no intimate acquaintance with the German "Staat" will doubtless wonder what the welfare of the collectivity is apart from that of the component elements. From his point of view, Dr. Biermann insists that Marxian philosophy is purely individualistic: its goal is not a highly developed society to be reached only through state aid, but on the contrary is that individualist and materialist goal—the greatest good for the greatest number. The principle value of the volume is its summary of the views of the nineteenth-century individualists.

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